

## Mr Begin says his peace plan is open to negotiation

Mr Begin, the Israeli Prime Minister, saw Mr Callaghan for three hours yesterday and gave him details of the Middle East peace plan which he will present to President Sadat on Christmas Day. He said that his proposals were open to negotiation. At the same

time Mr Ezer Weizman, the Israeli Defence Minister met President Sadat in Ismailia and then held talks in Alexandria with General Gamassi, his Egyptian counterpart. They are thought to have discussed arrangements for electronic surveillance of Sinai.

## Details given to Mr Callaghan

By David Spenser  
Diplomatic Correspondent

Mr Begin, the Israeli Prime Minister, saw Mr Callaghan in London yesterday and gave him a full account of his new Middle East peace plan, which he will present to President Sadat on Christmas Day. The plan is seen here as a constructive and imaginative approach towards a peace settlement for the Middle East as a whole.

At the same time Mr Ezer Weizman, the Israeli Minister of Defence, flew to Ismailia for a brief meeting with President Sadat. He then went to an air base near Alexandria for talks with his Egyptian counterpart, General Gamassi.

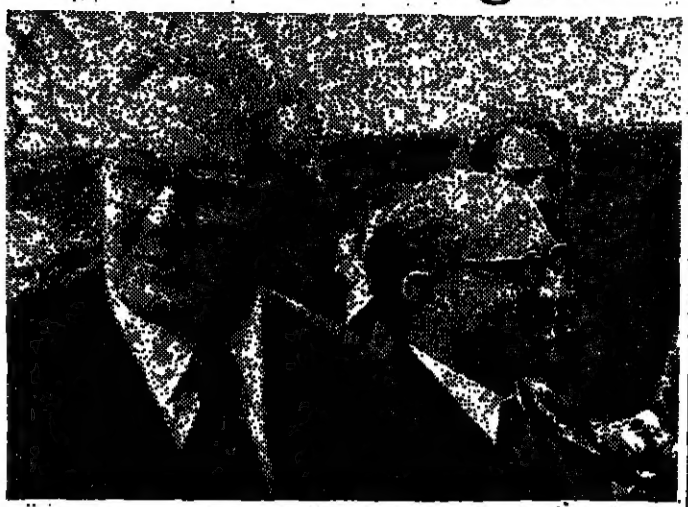
It seems likely that the two defence ministers reviewed technical arrangements for electronic surveillance of Sinai in the event of an Israeli withdrawal. There was also speculation that the idea of a "hot line" between Jerusalem and Cairo was discussed.

Perhaps the most important point to emerge from Mr Begin's talks in London was that his proposals for a settlement are not final but open to negotiation with President Sadat. He may have some counter proposals and we will be aware of course during the conference at London airport before his departure for Israel.

He said the two men would be making "a friendly and useful" exchange of views. "We have an understanding," he said.

The British impression is that Mr Begin is indeed making a positive response to President Sadat's initiative. Whether it is enough to satisfy all the parties concerned is for Mr Begin to say, but Mr Callaghan yesterday raised a number of important issues with Mr Begin, such as the status of the Palestinian, the position of Jerusalem and the occupied territory in the Golan Heights.

Mr Begin, looking somewhat tired after his journey from Washington yesterday, speaking in a voice which hardly penetrated the whirring of television cameras, said he



Mr Callaghan and Mr Begin together at Chequers yesterday.

believed his proposals regarding the Palestinian Arabs on the West Bank would be seen as "just and fair and conducive to peace".

A point which his British hosts have made is that it would be wise to encourage those elements of Palestinian opinion, within the Palestinian Liberation Organisation in particular, which seem inclined towards a peaceful settlement. More widely, the feeling is that Saudi Arabia, Jordan and the Gulf states are, in spirit, in favour of President Sadat's peace initiative, even if they cannot say so openly, and that therefore Mr Begin's task is to convince Mr Sadat that he can satisfy Arab demands as a whole.

Mr Begin, repeating that he was seeking a comprehensive peace treaty, not just a settlement with Egypt, said of Syria's negative attitude that there was a precedent for it in the armistice agreement of 1949, which Syria signed only six or seven months later. A difference in timing was not an obstacle, he said.

If Mr Begin can succeed in setting out acceptable proposals for the main issues in the Middle East—Sinai, the West Bank, and Jerusalem—the remainder, including the future

## Jockey Club now favours state authority to control racing

By Marcel Berlins

The Jockey Club has told the Royal Commission on Gambling that it favours establishing a new national authority, responsible to the Home Office to supervise and control racing. In additional evidence to the commission the club has reversed its previous view on the subject. In its main evidence it gave warning of the dangers of establishing such an authority and made clear its total opposition to it. Lord Howard of Walsden, the senior steward, said yesterday: "We have, quite frankly, changed our minds."

The proposal for a racing authority is designed to keep effective control of racing in the industry's hands. There would be 10 members, three of them, including the part-time chairman, appointed by the Home Secretary. Two appointments would go to the Jockey Club, with breeders, racecourses and stewards having one each. The chairman of the Jockey Club and the Bookmakers' Committee would take up the other two places. "The powers exercised by the levy

The club, having at last perceived that the weight of evidence appears to be against Jockey Club dominance, is now seeking to retrieve the situation by putting forward its own proposals for controlling the industry under the thin guise of a scheme which appears to place control elsewhere.—Sir Desmond Plummer.

board, which supervises the collection of the levy from bookmakers and distributes the money for the benefit of racing, would be vested in the new authority. The levy would continue to be the main method of financing racing.

Sir Desmond Plummer, chairman of the levy board, said the proposals had many flaws, and it was hard to take them seriously. He complained about lack of consultation before the Jockey Club's new views were announced. He wondered whether "the club, having at last perceived that the weight

of evidence to the royal commission appears to be against Jockey Club dominance, is now seeking to retrieve the situation by putting forward its own proposals for controlling the industry under the thin guise of a scheme which appears to place control elsewhere.

Where are the trainers, jockeys and stable staff? Why has the Jockey Club chosen only the racecourses, owners and breeders?"

The club's proposals make clear that, although it would be transferring much control to the new authority, it would retain its administrative role and

remain in charge of formulating rules, licensing trainers and jockeys, planning racing programmes, and matters of discipline.

It wants one of the two Home Office nominees other than the chairman to be chosen to represent the views of those who make their living from racing and the other to be the chairman of the Racing Industry Liaison Committee.

Lord Howard of Walsden said that he did not believe that the proposals amounted to a nationalisation of racing, nor did he think there would be any undue government interference if the new authority was established.

The royal commission, which had asked the Jockey Club to make suggestions for a racing authority, and can thus be assumed to be seriously considering recommending its establishment, is not expected to report before the middle of next year. If it does so, however, and assuming that the Government agrees, the new authority is unlikely to be set up before 1980.

Michael Phillips, page 9

Leading article, page 13

## Jobless total falls as more young people find work

By David Blake

Unemployment fell this month in spite of the continuing depression in the economy, according to Department of Employment figures. The seasonally adjusted total, excluding school leavers, dropped 5,700 to 1,371,000 (5.9 per cent of the total workforce) in December.

The crude unadjusted total for the whole of the United Kingdom was 1,480,822, including school leavers, which represents a fall of 18,272 from the November total of 1,499,094. The fall is almost entirely explained by a drop in the number of school leavers out of work. In Britain the number of unemployed school leavers declined in the month by just over 14,000 to 54,345.

A further piece of good news is that the number of vacancies has risen on a seasonally adjusted basis to 1,080,600, some 7,000 more than in November. However, the underlying picture remains fairly bleak. Output of all kinds, especially industrial production has been stagnant or has even fallen during recent months.

Since the labour force has been rising by an average of just over 10,000 a month, simply to hold unemployment steady requires a significant number of new jobs.

The unemployment figures suggest that the Government has been doing even better than this. Therefore, the only conclusion is that either the figures are wrong, or that the Government has not been expanding as expected, or that productivity (output per worker) has been falling.

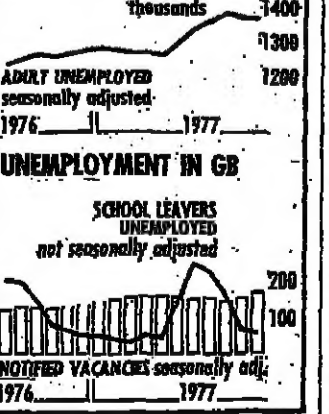
The figures might be wrong because of the difficulty of finding the impact of school leavers or because of the changing nature of seasonal activity.

In the past, the summer witnessed a great expansion of building activity but construction has been slow since then. Another 20,000 political prisoners are to be released within two years. Those released yesterday had to swear allegiance to President Suharto's government. They were told that they should be ready for questioning if and when it was considered necessary.

Walk in space round Salyut  
Both Soviet cosmonauts ventured out of the Salyut orbiting laboratory and one, the civilian, went for a "space walk" to check if its docking devices were ship-shape after the previous aborted link-up. They were.

New mayor cuts pay rises  
Mr Edward Koch, newly elected mayor of New York, has persuaded city councilors to cancel 50 per cent pay rises they were about to award themselves, and has thereby forfeited a big increase for himself.

Sahara hostages to be set free  
Eight French hostages, held by Polisario guerrillas in the Western Sahara, will be escorted back to France by Dr Kurt Waldheim, Secretary-General of the United Nations, in time for Christmas, by agreement with the guerrillas.



UNEMPLOYMENT IN GB  
ADULT UNEMPLOYED seasonally adjusted  
SCHOOL LEAVERS UNEMPLOYED not seasonally adjusted  
NOTIFIED VACANCIES seasonally adjusted

## Claim to No 2 role in alliance described as 'almost grotesque' by West German expert

From Patricia Clough

Rome, Dec 20

A leading West German defence expert alleged today that Britain's military and financial shortcomings had made it the weakest link in the Atlantic alliance.

It was "almost grotesque", Herr Adelbert Weinstein, the Frankfurt Correspondent of the *Frankfurter Allgemeine Zeitung*, wrote today, that the British should strive to play the "big number two" in NATO while contributing so little to the alliance.

In a front page leading article, he pointed out that the British, West Germany, Belgium and Norway, in particular, had increased their defence spending while "only Britain is holding out in splendid isolation on the lowest level of NATO commitment".

"It is alarming how little

England does for Nato. There are no concrete English commitments which go beyond 1978. London takes German subsidies (in the form of what is supposed to be the last offset agreement) but the English Federal Republic is out of date.

"Its air fleet is becoming obsolete. The joint production of the new multi-purpose aircraft Tornado is lagging, they are going their own way on producing a flying early warning and control system.

"Against this background it is almost grotesque how the British are bent, on the other hand, on playing the role of the big number two in Nato politics. And with success. They provide the conductors, the others the orchestra."

The Americans, he went on, were actually prepared to see Britain's decline in NATO as the result of its "battle

for survival as an industrialized nation".

But that was only one aspect of the problem. "Strong groups which are against Europe and Nato are trying the English Government's hands. The obstruction is gradually endangering the alliance."

Other countries, such as Canada and the Netherlands, which "like Britain have to practise financial abstinence, but who pay and improve their armed forces, notice that Nato reacts like a paper tiger to Britain's non-fulfilment of commitments. They are beginning to wonder how long they will be able to ask their parliaments for further sacrifices for Atlantic security."

The alliance should demand, at the very latest by its next ministerial conference in Washington in May, "strategic fairness from its once great military partner", Herr Weinstein concluded.

343 killed in Iranian earthquake  
Teheran, Dec 20—A severe earthquake hit south-eastern Iran early today, killing at least 343 people and injuring 247, officials said.

Air Force transports and helicopters were ferrying doctors, medical supplies, food and tents to the survivors of the earthquake, which flattened several villages in rural Kermanshah province, 400 miles from the capital.

The main tremor struck at 3.35 am (local time), driving people from their homes into the icy weather until daylight. The earthquake, which registered 6.2 on the Richter scale, was the third disastrous earthquake to hit Iran this year.

A spokesman for Iran's main relief organization, the Red Lion and Sun, said the dead and injured came mainly from three villages situated near the earthquake's epicentre—Bab-Tawal, Chah and Sarabagh near Zardud town.

He said that more than 150 injured had been taken by rail from Zardud to hospitals in Kermanshah, the provincial capital.—Renter.

Two held after border shots  
A couple were arrested by the Swiss police after two border guards had been shot and wounded. The Swiss police believe they resemble Willi Peter Stoll and Julius Plambeck, two of the 16 Baader-Meinhof terrorists sought in connection with the Schleyer murder in October.

1978 'crucial' for France  
Next year would be crucial for the economic future of France, Mr Raymond Barre, the Prime Minister, told journalists in Paris. At least two more years were needed to beat the country's economic crisis.

Wealth tax: Sir Geoffrey Howe has condemned the Government's decision to go ahead with a wealth tax.

Militant miners: The High Court is to give its decision today on a plan for an injunction restraining the NUM from negotiating pit-productivity deals.

Rome: The Pope, in a Christmas message, gives a password for peace for all children.

Nautilus: Mr Louis Undermyer Sport, pages 8 and 9  
Hockey: England's manager resigns after dramatic collapse by India; Football: West Brom manager files to Saudi Arabia to discuss future  
Business News, pages 15-20  
Stock markets: For the first time in more than a week the FT 100 gained ground, rising 9.8 for a close of 479.6  
Financial Editor: Exchange controls in the melting pot; London: A changing picture; Disasters getting near to real growth  
Business features: Peter Norman discusses the reaffirmation by West Germany of its faith in monetary targets  
Business Diary: A new appointment at British Leyland in the wake of Alan Park's departure

## Fighting as fog adds to Heathrow crowds

Fist fights broke out among passengers at Heathrow last night as holidaymakers crowded all three terminals. In terminal three, travellers were forced to sit or lie on the floor because of delays to more than twenty flights after Monday's fog.

Aircraft were delayed in returning to Heathrow and some departures were more than eight hours late. As frustration grew, fighting and jostling broke out among a small group of travellers in a rush to get to the terminal for a flight to New York.

A man died and seven people were injured in collisions in thick fog on the M62 yesterday covering two miles between Wiggly Hill, near the Lancashire border, and Outlane, on the outskirts of Huddersfield.

Regular firemen turned out with four emergency tenders carrying cutting gear. The injured were taken to Huddersfield Royal Infirmary, where three of them were still denied last night.

About forty lorries and cars were involved, also a mobile crane. Two people received severe leg injuries. Two lorry drivers were trapped for almost two hours.

There was a 20 mph restriction signs in operation at the time of the crashes, the police said. "The fog was very thick. Traffic was just huddling up to the crash."

The M62 was reopened later, but motorists were told to be careful of the collision traffic was stationary for eight miles on the westbound carriageway in freezing fog and ice.

More than a dozen vehicles were in collisions in thick fog between Easingwold, North Yorkshire, and the A1 in North Yorkshire. There were no serious injuries.

Fog affected southern England, the Midlands, the North and East Angles. South Yorkshire suffered most.

Accident costs: Road accidents cost the nation £972m last year, with more road deaths, more serious injuries, and deaths, almost 340,000, was the second lowest figure since 1959.

Forecasts, page 2

## 'Today' may be dropped by Radio 4

By Our Arts Reporter

The BBC's early morning programme *Today* is likely to disappear from the radio schedules in the new year. Changes in the programme have led to a drop in its popularity and it is understood that a new programme of up to three hours will take its place.

In London *Today* has been losing ground to the news and information service provided by the BBC's commercial rival, LBC's commercial rival.

The BBC made no comment last night, but rumours have been rife for weeks. The change is expected to coincide with the merger of the news and current affairs groups. The change to an early programme with a new name, format and presenters, will also be made in time for the transfer of Radio 4 from medium to long wave later next year.

## 21 hostages held in bank raid

Mandalay, Dec 21—A gunman took 21 people hostage today when his robbery attempt failed at a bank inside the American naval base at Subic Bay in the Philippines. He demanded a helicopter to fly him out of the base.

Marlman surrounded the bank as Philippines and United States military authorities began negotiating for the hostages' release.—Agence France-Presse.

## Ban on benefits for firemen's families 'an error'

By a Staff Reporter

Mr Orme, Minister for Social Security, said last night that a circular about benefits for firemen's families sent to local offices of the Department of Health and Social Security was incorrect and had been withdrawn. He said that the circular was not entitled to hearing allowances.

## Talks bring hope of end to bread dispute

By Christopher Thomas

Bakery workers' leaders emerged from 10 hours of talks with the employers late last night with an improved pay offer that could help to end the overtime ban that is disrupting bread supplies in England and Wales.

Union and management leaders met at the offices in Westminster of the Advisory, Conciliation and Arbitration Service, Mr Samuel Meddow, general secretary of the Bakers, Food and Allied Workers, said the employers had improved their offer and it would be considered today.

An employers' official said he was hopeful of normal working conditions by Christmas, but union leaders insisted that a national ballot was necessary to call off the action and that could not be completed until after Christmas.

Earlier Mr Meddow, whose union of 57,000 members produces most of the bread eaten in England and Wales, had said there might be a total strike before Christmas unless the dispute was settled.

The overtime ban is causing serious shortages of bread in many areas as shopkeepers attempt to store supplies for the Christmas period. The Federation of Bakers maintained that there would be adequate supplies for everybody if there was no panic-buying.

Private bakeries without union members are doing their utmost to cope with excessive demand but are restrained by

the seasonal demand for fancy goods. Long queues have occurred in almost every district of England and Wales. Scottish bakeries are exempt.

The employers' negotiating team yesterday emphasised the poor financial state of the industry and insisted that, apart from breaching the Government's guidelines, the union's pay demand would have serious implications for the industry and consequently jobs.

The union, which less than three months ago struck over a pay demand, appeared unwilling after yesterday's first talks session.

Mr Meddow, a militant, said: "The employers are digging their heels in," and added: "If the employers were willing to pay the same as the minimum wage, they would be willing to pay for laundry attendants, car park attendants and general labourers. I would settle on that."

It was also decided to set up a liaison committee with members drawn from the Department of Health and the FBU. The committee, which will start work immediately, is to examine "problems and anomalies" arising out of firemen's claims for benefits.

Mr Daniel Riddell, a national official of the FBU, said his members would take a lot of persuading that they were not being treated differently than other workers. He had agreed to the joint talks, he said, so that "reasonable guidelines" could be drawn up.

He said that, because of the timing of the strike, firemen would be losing the tax rebate

New union talks, page 2







# HOME NEWS

## Lancashire Chief Constable, 'unworthy to hold high office', is dismissed

From John Chatterton

Lancashire Police Committee, which yesterday dismissed its chief constable, Mr Stanley Parr, is to consider allegations involving other officers in the 3,000-strong force next year.

That was said yesterday by Committee Chairman Frank Lofthouse, the chairman, after he had announced that Mr Parr, aged 60, a policeman for 40 years, a wartime naval officer, a CBE and a deputy lieutenant of Lancashire, had been dismissed after 24 charges of disciplinary conduct and two of false hood under police discipline regulations had been found proved by a tribunal.

A total of 37 disciplinary charges were considered by the tribunal headed by Mr Patrick Bennett, QC, who, after referring to Mr Parr's previous honourable record, stated: "Nevertheless, it has been my duty,

however, to find that he used the powers of his position to show favour to others and made improper use of police vehicles and drivers.

He was responsible for falsification of records. This conduct has had a very damaging effect upon the morale and discipline of the force he commanded and has brought discredit to that force.

I do not think that Mr Parr was worthy to hold the high office of chief constable. I feel that nothing short of dismissal from the force could be regarded as adequate punishment for the charges I have found proved.

Mr Parr has three weeks in which to appeal to the Home Secretary. He said last night that he would do so. Until then no moves will be made to appoint a permanent successor.

Mr Lofthouse said yesterday that the force, which until the last round of local government reorganization was the biggest outside London, has been commended by its deputy

chief, Mr John Moody, since Mr Parr was suspended on full pay in March this year.

Mr Lofthouse said action against other officers in the force had not been considered during yesterday's three-hour meeting but references to other matters had been made in an earlier report by Sir Douglas Osmond, Chief Constable of Hampshire, after an inquiry into Mr Parr's behaviour, would have to be considered by his committee next year.

He saw no reason, however, why any senior officers of the Lancashire Constabulary should at this stage want to resign.

He thought the Home Secretary would refer any matters arising out of the tribunal report to the Director of Public Prosecutions if he thought it to be necessary.

One of the matters referred to in the original report by Sir

Douglas Osmond that was not referred to Mr Patrick Bennett's tribunal concerned a fatal accident near Blackpool in 1975 when a car driven by a girl of 20 mounted a pavement and killed two young mothers. The driver of the car was charged only with careless driving and acquitted. Several years later that matter reopened.

Mr Parr declined an invitation to attend yesterday's meeting of the police committee. Mr Michael Maguire, QC, his senior legal adviser, was away appearing in a local murder trial but Mr James Wilde, Mr Parr's solicitor, and junior counsel were present. They unsuccessfully applied for a decision to be postponed until January 6.

The full report of the tribunal, issued to reporters yesterday, showed that 29 of the original 37 charges related to the misuse of police drivers and of two police cars, a Jaguar and a Vauxhall, with which Mr Parr was issued to carry out his official duties.

Some of the charges proved showed that Mr Parr used the Jaguar and a police driver to take him and his family to Manchester airport en route for a holiday in Torremolinos, Spain, in 1975 and 1976 and collect them on return; that he drove the Jaguar to visit his son in Bristol; that he used a police car to attend Rotary lunches in Blackpool and to take his wife shopping there.

One of the charges of falsehood proved by the tribunal stated that he instructed a police driver who had noted a speedometer discrepancy to book mileage on the Vauxhall car down to visits to various divisions when Mr Parr had, in fact, used the car to drive to Luton airport for a holiday in Spain.

Other charges related to his having arranged bail for a Blackpool man who had been charged with malicious wounding and who should have been detained in custody overnight because of the nature of the charge; and of wronging for a driving prosecution to be dropped against a young man who had said his father was "on holiday in Tenerife with Stanley Parr".

No sense of disgrace: Mr Parr in a television interview last night called the tribunal's findings nonsense. He said they did not really surprise him.

He did not feel any sense of disgrace. "I have not done anything criminal," he added.

He also said he was sad that he had received no encouragement



A turn-up for the gulls during winter ploughing at the Preshaw Estate, near Southampton.

## Food firms oppose rapid rise in farm prices

By Hugh Clayton

Food companies said yesterday that they opposed any rapid rise in farm prices and incomes to the type sought by the Conservatives. A Commons motion by Mr John Peyton, chief spokesman on farming and food, urged an early 74 per cent devaluation of the green pound. It would raise food prices by almost 2p in the pound.

The companies said through their leading trade associations that there was no case for such a large rise. Mr Cyril Coffin, director-general of the Food Manufacturers' Federation, said: "No evidence that United Kingdom farmers generally are likely to cut back production or need an increase in their

incomes after the near-record harvest."

The Food and Drink Industries Council said it wanted the anomalies arising from the existence of the green pound to be eliminated gradually.

"Food and drink manufacturers want a higher proportion of their supplies of farm produce to be grown in this country," the council said.

But they see no point in governments encouraging farmers to grow products that cannot be sold.

The statements reflect alarm among food companies that if farmers' demands for higher prices are met food consumption will fall even faster than it is falling now.

## Bird lovers protest at island mink farm plan

From Ronald Faux

Kirkwall

Mr George Drever's efforts to return with his family to the island of Westray, Orkney, where he was born, have provoked a public inquiry and strong protests from conservation groups.

Mr Drever, aged 36, wants to build a mink farm on the island, which is Britain's second most important site for cliff-nesting sea birds. The mink is an agile and voracious killer, which, the conservationists say, would decimate the island's bird population should a breeding pair escape.

Mr Drever, who works at a fish-processing factory on Westray, was given permission to build his mink farm by Orkney Islands Council after giving assurances that extra precautions would make the buildings escape-proof. Yesterday, after protests from the Nature Conservancy Council, the Royal Society for the Protection of Birds and other conservation groups, Mr Millan, Secretary of State for Scotland, announced that a local public inquiry would be held.

For Mr Drever the issue is not the hazards of mink farming but the difficulty of earning a living on a remote Orkney island.

"I am further was postmaster here but the whole family left when I was a boy so that my brother and I would have a better chance," he said. "I am very fond of the island and want to bring up my two sons here. The farm would mean jobs where they are badly needed."

Mr Drever admits that he has no practical experience of farming mink but is prepared to spend £5,000 on the project. He says his farm will have high mesh fences dug deep into the ground and other security measures beyond those demanded by law.

Mr Frank Hamilton, Scottish director of the RSPB, was worried, however.

An escaped breeding pair would spread to more than 10 islands, preying on Arctic terns, herring gulls, and short-eared owls, he said.

## Jubilee fund's £13.5m

The Queen's Silver Jubilee Appeal which closes in April, has raised £13.5m in eight months. Of that sum, £7.2m has been received and the rest will be payments under covenant or pledge.

## In brief

### Journalists go back to work

London-based journalists employed by Westminster Press, who stopped work in connection with the strike by 106 Darlington-based members of the National Union of Journalists, returned to work yesterday morning (our Labour Reporter writes).

But the strike committee in Darlington, meeting yesterday, remained adamant that the strike, which has lasted more than six months, would continue. A meeting with management is likely soon, but no one is optimistic about an early solution.

### Murder charge

Robin Daniels, aged 32, a taxi driver, of Walnut Tree Close, Guildford, was remanded in custody until December 29 by magistrates at Guildford yesterday, charged with the murder of Brian Vaughan, aged 19, of the 1st Battalion, The Parachute Regiment, who died from stab wounds early yesterday.

### Bail for doctor

Dr Nanda Kumar, aged 51, of Stepping Hill Hospital, Stockport, Greater Manchester, was granted bail of £30 by a judge in chambers at Manchester Crown Court yesterday. He is to appear today against a six-month jail sentence for indecently assaulting a girl of 13.

### US mail delayed

Surface mail offered by a dock strike in America will not reach Britain in time for Christmas, the Post Office said yesterday. No surface mail has been received from the United States since the two-month strike ended on November 29.

### Probation for incitement

Harry Baskind, aged 56, of Leeds, who was convicted in July of inciting a detective, posing as a professional killer, to murder his wife, was placed on probation for three years at Birmingham Crown Court yesterday.

### Islanders win order

Families living on houseboats at Taggs Island in the Thames yesterday won a High Court order banning tomorrow's proposed demolition of the island, which would cut off the only bridge to the river bank.

### Liftmen to go back

A two-month-long strike of 240 lift and escalator men on Merseyside was called off yesterday when they voted to return to work this morning.

## Detective's complaint led to inquiry

The case against Mr Parr began in July, 1976, when a Blackpool officer, Det Sergeant Barry Kelly, made a formal complaint to an inspector of constabulary during a routine annual inspection of the Lancashire force.

The following September Lancashire Police Committee asked Sir Douglas Osmond, Chief Constable of Hampshire, to conduct an inquiry into "certain matters within the personal jurisdiction of the chief constable."

Sir Douglas and a small team of officers from his own force spent about two months on the inquiry and a report went to County Hall, Preston, early in January, a copy having earlier been sent to the Director of Public Prosecutions.

To the chair of Mr Frank Lofthouse, chairman of the police committee, full details of its contents appeared in the Lancashire Evening Post on February 25 in spite of steps having been taken to keep the matter out of the public eye.

This report, later repeated in a number of national newspapers, disclosed that Sir Douglas had found evidence of a case in which a man was accused of possessing firearms with intent to endanger life, and in which Mr Parr intervened to suggest that the charge should be reduced to one of breach of the peace.

Other matters referred to included allegations that Mr Parr had intervened in cases involving motorists stopped for speeding in radar traps, some of



Mr Parr: Three weeks in which to appeal.

whom were only cautioned while others were fined.

Sir Douglas's report, according to the unchallenged but factually unchallenged disclosures in the Lancashire Evening Post, made references to Mr Parr's close connections with Blackpool, where he was chief constable of the small local force before a reorganization drew him into the expanded Lancashire Constabulary.

One of the most serious cases referred to in Sir Douglas Osmond's report involved a motorist who was about to be charged with causing death by dangerous driving but was eventually accused only of

careless driving. His case was dismissed by magistrates.

Sir Douglas also drew attention to police charity dinners organised by Mr Parr and involving police wives. His report said: "Even should the complaint be capable of a complete answer by the chief constable, it is not surprising that it has been made, for whatever happens the report as a whole indicates a lack of judgement on the part of the chief constable, a failure to communicate, and a lack of concern at the impression he was creating, all of which are most unusual in a senior police officer."

A fortnight before the hearing of the disciplinary charges began on October 17 Mr Parr applied to resign (he was 60 in July) but his request was refused. He had been suspended on full pay of £15,500 a year since March last.

Mr Parr, the son of a policeman, began his career as a constable on the beat and was in charge of the Lancashire force of three thousand men for five years until his suspension early this year.

After serving as chief constable of the independent Blackpool county borough force he was absorbed into an expanded Lancashire Constabulary in an ancient reorganization. He became Chief Constable of Lancashire when the force was again reduced in size after the 1974 local government reorganization which put many of the old county forces into the new Greater Manchester Council.

## 'Odious task' of judge in jailing wife-killers

Two mentally ill men who killed their wives were given prison terms at the Central Criminal Court yesterday after Mr Justice Melford Stevenson had been told that there was no suitable hospital accommodation for them. The judge spoke of the odious task he had in sending the men to prison for long periods.

Jailing one man for 10 years and the other for seven, he said: "I hope at least these cases will serve a useful purpose by drawing public attention to that melancholy fact."

Ronald Gadsdon, aged 43, a dock, of Lamborn Road, East Ham, London, admitted the manslaughter of his wife, Beryl, aged 37, on May 20, on the ground of diminished responsibility.

His plea of not guilty to murder was accepted.

Dr Arumugam Palani said Mr Gadsdon was mentally ill. He needed treatment in a psychiatric hospital under secure conditions, but there was no suitable accommodation.

In the second case, Cleveland Perkins, aged 42, unemployed, of Hubert Grove, Brixton, pleaded not guilty to the murder of his wife, Daphne, aged 40, on May 24, but guilty to her manslaughter on the ground of diminished responsibility; that plea was accepted.

Dr Henry Oakley said that after hospital treatment of about two years he thought Mr Perkins would be able to return to normal life. The kind of accommodation required did not exist.

## Unions to give PO board names this week

By Our Labour Staff

Mr Witley, Secretary of State for Industry, last week will receive union nominations for the main board of the Post Office, which is being reconstituted in a two-year experiment in industrial democracy.

The unions are being asked to send seven seats each to the board, which will be taken up by the date, January 1, because of difficulties still outstanding on the regional boards.

The main difficulty is on the five regional telecommunications boards. The Civil and Public Services Association, which has 30,900 members in telecommunications, wants two nominations on each board but has been offered only one. The Union of Post Office Workers, the second biggest union in the telecommunications side of the Post Office, has been offered two seats. So has the Post Office Engineering Union, the biggest telecommunication union.

## Birching: judge invited to IoM

The nine judges who will try the case of Man's birching laws in the European Court of Human Rights have been invited to go to the island to see how birching works. The Manx authorities believe that that would swing the case in their favour.

The Manx Government said yesterday that it was unlikely that the judges would make a decision immediately after the hearing which starts in Strasbourg on January 17. They had been invited to visit the Isle of Man before deciding on their final verdict.

## Three accused of robbery plot

Two security guards charged in connection with a £820,000 robbery at Heathrow were remanded in custody by magistrates at Staines yesterday. They are John William Cardorika, aged 31, of Ocean Street, Stoney, and Ronald Henry Price, aged 32, of Jellison Way, Braintree.

Another man, Robert Goldstein, aged 67, of Bulver Court, Leyton, was released on bail. All were charged with conspiring to rob Brinks-Mat Ltd. last March.

## £5,371 rates unpaid

Gerald Howard, of Victoria Terrace, Hove, Sussex, former director of Local Aid, Sussex charity, was jailed for 82 days by magistrates at Brighton yesterday for non-payment of £5,371 rates on the charity's offices and shops.

## Trench death

A workman was killed yesterday when a trench collapsed on him in Upper Halling, near Rochester, Kent.

## Scottish Arts Council faces financial level-pegging

By Our Arts Reporter

A year of artistic enterprise was yester by administrative and financial uncertainty, the Scottish Arts Council says in its annual report.

It gave a warning that it has a difficult choice: whether to try to sustain all clients at existing levels of activity, refusing new writers and struggling enterprises; or finance a few new activities at the expense of existing ones.

"From recent pronouncements and long-term estimates it is now clear that the council can expect no increase in its allocation in real terms for the next few years."

The implications of 'level-pegging' in real terms are serious and sobering. First, the assumptions on which such a guideline is based presumably mean that government allocations to the arts will keep pace with the rate of inflation in the arts, not in some inappropriate index.

Second, grants from the Government or the council are only part of the total income-expenditure equation of client organizations, so even if these grants retain their value in real terms, artistic organizations will remain viable only if income from box-office earnings, local government and the

## £30,000 for Scots production

The Glasgow-based Scottish Amicable Life Assurance Society announced yesterday that it is giving £30,000 for the sponsorship of a new production by Scottish Opera, The Bartered Bride, which is to have its premier at the Theatre Royal on February 8.

There was a clear implication that no one has the right to automatic subsidy for ever, nor could anyone always expect to expand.

The council would continue to do its utmost to support what it believed to be valuable and worthwhile, "but the day of the extravagant gesture and forgiven second mistake is over."

Grants totalling £4,300,000 were made to 625 arts organizations and individuals last year; the council's basic grant was £4,320,000, up by 38.4 per cent against the present year's increase of only 14.6 per cent. Scotland's slice of the British cake, the report says, was 12 per cent; according to population Scotland would be entitled to 9.7 per cent.

## Many jailed for customs offences

By Maurice Corina

Industrial Editor

Tough measures adopted by the Department of Customs and Excise to cope with a continuing increase in smuggling, drug offences, illegal currency movements and value-added tax "fiddles" are putting an average of eight people in prison every week. More than 400 people every week appear in court on criminal charges.

Those figures emerged yesterday with publication of the annual report of the Commissioners of Customs and Excise. Exchange control currency offences alone involved 4,478 people in criminal proceedings in the year ended March 31 last, nearly matching the number taken to court for failing to furnish VAT returns.

Smuggling, however, still tops the league table for offences, with 10,398 persons brought in before courts in the 12 months to March for evading duties. A total of 384 people were jailed out of 708 subject to drug-related criminal proceedings. There were 1,535 seizures of drugs such as cannabis, cocaine, and heroin, with an estimated street value of £13.8m.

Detections of smuggled jewellery, gem stones and objects d'art are reported to be continuing on a large scale. Goods seized for contravention of import licensing regulations covered everything from textiles, gold coins, to potatoes, pottery, and skins restricted for conservation reasons.

More than 370,000lb of Rhodesian tobacco was intercepted.

Fifty-five people were in court for contravening the laws on indecent or obscene articles and harmful publications. The year's haul included 158,750 books, magazines and comics, 3,400 films, and 6,800 other articles.

Last year's decline in the value of the pound sterling provided "a continuing incentive" to smuggle money out of the country, largely for buying foreign property or securities, or for deposit in foreign bank accounts. Currency seizures totalled 4,478, and officers, now checking travellers on a selective basis, are making close liaison with the Treasury to bring joint charges under the Customs and Excise Act, 1952, and the Exchange Control Act.

Besides many seizures of goods undervalued in declarations when imported, the customs have also dealt with cases of exports, such as ferrous scrap, which breached various prohibitions.

VAT prosecutions remain high, largely through failures to make returns. All but five of 4,023 prosecutions were successful in the past year. There were 1,426 cases in the previous year.

Under civil litigation, 3,108 actions were brought to recover unpaid or disputed duties and taxes, a big rise of 1,200 a year before. In addition 269 bankruptcy petitions and 421 winding-up petitions were presented.

Goods seized under separate forfeiture regulations as improperly imported included 3,297 proof gallons of spirits, 1,597 watches, and 4,475 kg of drugs.

All that enforcement work and more routine administration pushed up the cost of customs and excise services to £191.4m against £174.2m a year before. That represents about 1.76p for every £1 of net revenue.

The net receipts of the Customs and Excise Department in the year ended March 31, were £10,886.4m, up by more than £1.6m, or 47.7 per cent, and representing a third of central government taxation.

A long, hot summer stimulated the volume of beer consumption to a level higher than in any year since the First World War and changes in the tax structure for tobacco stimulated sales of king-size cigarettes in a way that contributed to increased overall consumption of tobacco.

68th Report of HM Customs and Excise (Cmd 7050, Stationery Office; £3.15).



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## Some Science for Christmas!

Was Francis Bacon the daddy of sci-fi? What do you know of scientific folklore. This year *New Scientist* offers some highly variegated fare in its Christmas Miscellany. Inevitably wine features large on the menu - but of unusual vintage, some of it indeed stemming from Antiquity, some Alternatively Technological, and the whole balanced by dire warnings about the realities of our seasonal, but mediaeval, guzzling. We hark back to a time when science was fun; and to another when the scientific jet-set pranced around in Soho. There is the sad tale, too, of the crank (for what else could he have been?) who claimed to have invented the two-wheeler. Some prominent men of science deliberate on memorable books; a Christmas crossword awaits the unquenchable intellectuals among our readers - and, for the obtuse, we have De Selby...



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OVERSEAS

# Israeli mission to the Cairo talks more important in terms of public relations than diplomacy

From Edward Mortimer  
Cairo, Dec 20

It is assumed increasingly by both Israelis and Egyptians that the Cairo conference will be the foreign minister level after the meeting between President Sadat and Mr Begin at Ismailia on Sunday.

The present Israeli delegates admit privately that they have no mandate to negotiate matters of substance. It is more and more obvious, however, that it is not for negotiation that they have been invited to Egypt.

The object of the conference in its present form is to acquaint the Egyptians to the idea of having Israelis in their midst and to acquaint the large public with the genuine goodwill and desire for peace of the Egyptian people.

Matters have been so arranged that Israeli delegates spend the minimum of time behind the closed doors of the conference room and the maximum in public on various sight-seeing or similar excursions.

Wherever they go they are met by crowds of Egyptians shouting welcomes and slogans in praise of President Sadat, "hero of peace". They are followed by a group of Israeli journalists including a television crew, who immediately transmit these heartwarming images back to the Israel public.

The message is clear enough: why worry so much about "defensible borders" when you have such friendly and peace-loving neighbours?

Clearly the demonstrations enjoy official encouragement and to a certain extent, they are organised. One can usually identify a cheerleader setting the time for the rhythmic hand-clap; where schoolchildren are involved they have obviously been given the cue from school and are sometimes led by their teachers.

Yet at the same time there is a convincing air of spontaneity and *jote de vivre* about it all. The police often have to

fight back the demonstrators, who crowd round the delegates in their enthusiasm.

The Israelis themselves are certainly impressed and touched, although the moral they draw is not always the one the Egyptians presumably want them to. Some draw the conclusion that President Sadat has raised hopes for peace which he cannot afford to disappoint and that, therefore, he will have to make further concessions when substantive negotiations get under way.

Today's excursion was to President Sadat's native village in the Nile delta, Mit Abul Kom. This was apparently suggested, in a shrewd diplomatic gesture, by the Israelis themselves. As well as, pleasing their hosts, it gave them the chance to see something of the Egyptian countryside.

They were impressed by the lush greenness of the delta fields, with their millennia-old irrigation system; by the unaccustomed sight of a train travelling with passengers lying on the roof; by the laboriously-piled pyramids of oranges waiting for collection at the roadside; and by the general neatness and relative prosperity of the countryside, compared with the squalor and disorder of overpopulated Cairo.

There was not a great deal to see in the village itself other than the Sadat family house, which is notable mainly for the number of portraits of the President in various guises, including an epidemic of painting in a style reminiscent of the late Stalinist school. It shows Mr Sadat in uniform embracing a peasant and a worker, both of whom have features remarkably similar to his own.

Aided by Mr Shalom Cohen, an Israeli journalist of Egyptian origin, who acted as interpreter, it was able to discover and interview two brothers of Mr Sadat's first wife, one of whom is the *umda*, or headman, of the village.

They could remember their brother-in-law from 1927, when

he was eight years old, although there was apparently nothing very remarkable about him then. They denied strongly a rumour that his mother had once taken in washing.

On the contrary, the family were "honourable peasants" with six acres of land.

Had the village changed much since those days? A good they said, but so had the whole world. The big changes came after the revolution (in which of course Mr Sadat played a leading role) and "after you [the British] left us here".

The most important changes, in their eyes, were the provision of elementary and secondary education. Mr Cohen remarked that, when he lived in Egypt before 1949, all the villagers would not be wearing shoes as they are now.

Other improvements included the paving of the main road to the nearest town, Shepshet; the provision of a medical unit with a resident doctor and nurses; and a new and bigger mosque. They denied that their village was in any way privileged. "The whole country has developed since the revolution," they said.

The old men were anxious to impress on the Israelis the dislike of the British occupation, although conceding generously that the British had done much to develop the country and were not as bad as the French or as the former royal family.

What about Israel? (Mr Cohen had not identified himself as an Israeli.) A good before he is due to visit office. He said, "We hoped for such a thing as this before now. We always lived with the Jews and liked them. We think they are our relatives."

Why, then, had Egypt fought Israel for so long? "For the rights of the Palestinians," he said. "Did they think the Palestinians were now going to get their rights? This is the root of the problem, and it certainly must be solved. It is a political problem which the President has to solve. But we have faith in him."



Six of the eight French captives, including Mlle Nicole Foulon, second from right, to be freed by the Polisario guerrillas, photographed in a desert camp somewhere in the Western Sahara.

## Hostages awaited in France

From Our Own Correspondent  
Paris, Dec 20

Dr Waldheim, the United Nations Secretary-General, is due to arrive in Paris on Friday with the eight French hostages released to him by the Polisario in Algeria.

The official Algerian press service has issued a report in

which the hostages criticise the French authorities bitterly for failing to warn them of their danger in working in Mauritania.

According to the report, the hostages now recognise that the mining town of Zouerate, where six of them were working when they were captured on May 1, is a prime military target. "We were very badly informed about the risks we were running," the French authorities misled us by their reassuring words," they are quoted as saying.

The French Government is not worried about us except in so far as it justifies them in reinforcing its military intervention in Mauritania.

Three of the hostages are said to have helped the Polisario to repair their military equipment during their captivity, putting up support brackets for mortars and machine guns on military vehicles.

The hostages all paid tribute to the way in which they had been treated. Certainly, in the photographs, they all seem to be well fed and dressed.

The news service is run by the Algerian Government, which supports the Polisario cause, so the hostages would have been unlikely to say anything that might prejudice their promised release. Equally, the French Government will not

want to comment at this stage for fear of upsetting arrangements for the handover.

The families of the hostages have been invited to Algeria to be present when they are handed over and the presence of Dr Waldheim means that the Polisario will have achieved maximum attention by their act.

It is unlikely that they will want to risk losing this opportunity to present their cause in a humanitarian light by calling off the handover, even though they are now accusing the French of using their jaguar aircraft against them. There has still been no confirmation or denial by France of the allegation.

## US threat to Pretoria over nuclear fuel reported

From David Cross  
Washington, Dec 20

The United States is reported to be increasing its pressure on South Africa to prevent it from developing nuclear weapons.

According to today's New York Times, Washington is threatening to withhold supplies of nuclear fuel for power stations unless Pretoria agrees to sign the 1968 non-proliferation treaty.

A State Department spokesman, who would neither confirm nor deny the report, pointed out that Washington has not been supplying South Africa with nuclear material for some time. He said the cause there have been no such requests from Pretoria.

This statement, however, does not rule out the possibility that South Africa might call for American uranium supplies to meet the requirements of two power plants due to come into operation in the early 1980s.

In the wake of strong evidence this summer that South Africa was about to test a nuclear device in the Kalkbarr Desert, President Carter promised that his Administration would renew its efforts to persuade the South Africans to adhere to international nuclear safeguard agreements.

Since then international pressure to prevent Pretoria from developing nuclear weapons has intensified. Last month, members of the United Nations agreed that they would refrain from any cooperation with South Africa in the manufacture and development of nuclear weapons.

Now it appears that Washington has decided the only way to bring the South Africans into line is to threaten to turn down any future requests for supplies of enriched uranium.

Our Paris correspondent writes: South Africa has failed in its efforts to persuade France that there is a legal obligation to deliver two submarines and two escort vessels being built in Brittany in spite of the arms ban agreed by the United Nations Security Council.

It was announced today that Mr Pierre Bothe, the South African Defence Minister, was recalling naval personnel who have been in France for more than a year.

The United Nations embargo was agreed last month and France immediately stopped sea trials of the *Good Hope*, the scout vessel which was nearest completion. Nevertheless, the South African personnel in Lorient, continued to work on the ship and its sister ship in the dockyard. Work also continued on the two submarines being built at Nantes.

Johnsbourg. In a statement today, Mr Bothe said: "The French Government advised us during official negotiations that, because of the United Nations sanctions resolution, it would be unable to honour certain contracts."

I do not wish to comment on the financial implications as this is an aspect that will be taken up with the French authorities along the customary channels.

The whole issue was apparently so sensitive that Defence headquarters instructed South African newspapers not to devote space to the wording of Mr Bothe's statement.

## Mr Begin's Minister of Defence in Egypt

From Our Special Correspondent  
Cairo, Dec 20

A meeting today between General Muhammad Gannasi, the Egyptian Defence Minister, and Mr Ezer Weizman, his Israeli associate, was reported to be a landmark in the Egyptian-Israeli talks.

Mr Weizman, an Israeli Air Force officer, is an associate of Mr Begin's. He is also a member of the Israeli Defence Ministry.

His reaction was little more than a shrug, however. President Sadat's single-handed, lightning diplomacy has accustomed them to learning of their Government's actions and attitudes after the event.

The official Middle East news agency, announcing the meeting, did not say how long it had lasted but specified that it was held at Mr Weizman's request.

No details were given of the subjects discussed, but an informed guess would be that they would have to do with the military guarantees or safeguards to be embodied in a peace agreement.

The meeting must be seen as part of the preparations for the meeting between President Sadat and Mr Begin, the Israeli Prime Minister, at Ismailia on Christmas Day. It suggests that, in addition to the proposals for dealing with the Palestinian problem that he announced on Sunday, Mr Begin is ready to discuss Israeli withdrawal from all or most of the Sinai peninsula.

Israel has relied on occupation of Sinai as a key element in its security since 1967. It would be unlikely to withdraw unless Egypt agreed on full demilitarisation of the area and elaborate early-warning systems, possibly involving some continued Israeli presence.

The present Israeli Government might also seek some increased American presence, as an additional guarantee. There are already American civilians manning the early-warning devices on the existing cease-fire lines.

A special concern for Israel is free passage through the Straits of Tiran to the Israeli port of Eilat. Egyptian interference with this was the cause of war in 1956 and 1967. Since 1967 Israeli governments have insisted they would insist on retaining the western shore of the Gulf of Akaba in a peace agreement.

Since President Sadat's visit to Israel last month, however, it has been suggested that Israel might be satisfied with a temporary "leasehold" of Sharm-el-Sheikh, the fort that dominates the straits.

Mr Weizman may well have wished to discuss the technical aspects of such arrangements with his Egyptian opposite number, although clearly only President Sadat would have the authority to make the political concessions involved.

## New York council cancels own pay rise

From Michael Leppman  
New York, Dec 20

Mr Edward Koch, New York's newly-elected mayor, won his first important victory yesterday, some two weeks before he is due to take office. He persuaded the 43 city councillors to cancel pay increases of 50 per cent which they were about to award themselves. In doing so, he also defeated a substantial pay increase for himself.

## Rhodesian whites' rights discussed

From Our Correspondent  
Salisbury, Dec 20

The sixth round of the Rhodesian internal settlement talks ended here this evening after three hours and 20 minutes—the longest session so far. A brief official statement issued afterwards said progress had been made and that the talks would resume tomorrow.

It is believed the main issue under discussion is the parliamentary blocking mechanism wanted by Mr Smith to ensure that major legislation cannot be passed by some future government without the approval of a blocking group of about a third of white members.

Mr Smith wants separate voters' rolls for whites and blacks, but the nationalists are said to oppose this saying it is retrogressive and racialistic.

Observers believe the talks are being conducted in a spirit of cordiality and desire to reach a common understanding, but much hard negotiating remains.

It is thought the delegates will meet at least twice more this week and then adjourn for the Christmas recess.

London, Dec 20—Zimbabwean newspapers said today that Sunday's front-line summit in Mozambique had been "stormy" with heated exchanges between the four heads of state and two Rhodesian nationalist leaders taking part.

The Beira conference, believed to have been called to discuss tactics in the light of Mr Smith's moves towards an internal settlement, was held in private.—Reuter.

## Inquest opens on David Holden

The inquest on David Holden, the chief foreign correspondent of The Sunday Times, found murdered near Cairo on December 7, was opened and adjourned at St Pancras coroner's court, London, yesterday.

## Korchnoi-Spassky game put off again

Belgrade, Dec 20.—The adjourned tenth game in the world chess championship challenge final between Viktor Korchnoi and Boris Spassky has been further postponed until Thursday.

## Paying customer dissatisfied with UN

From Our Own Correspondent  
New York, Dec 20

The Thirty-Second General Assembly of the United Nations ended today in a familiar fashion with the Americans complaining about the cost of the world body. Mr Wolff, a member of the United States delegation, criticised it for extravagance and unwieldiness.

If anyone has a right to protest about these matters, the Americans do. They foot a quarter of the bill. Mr Wolff said his country would abstain from voting on the proposed budget for 1978 and 1979 and in future might vote against it unless efficiency was improved.

"Excessive cost and less flexibility and responsiveness can cause this organization to degenerate," he said. He criticised increases in salaries of senior officials and called for a reduction in the number of international conferences.

Mr Wolff also called for a reapportionment of contributions to make wealthy oil-producing countries pay more. At the moment 27 developed countries pay 89 per cent of the budget, with the remainder split among the other 122 member states.

When the assembly adjourned today it had achieved no more and no less than previous sessions. After three months of rhetoric, most of it ignored by world-weary delegates, some 200 resolutions were passed reflecting the view of the world held by the developing nations, which are now in a huge majority (two more of them, Vietnam and Djibouti, became members this session).

The resolutions attacked South Africa and Rhodesia, calling for draconian measures to bring about black rule. Israel was roundly condemned for almost everything and the

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THE ARTS

Everything but the elephant

Surprise Surprise!  
New London

Ned Chaillet

The title has only one exclamation mark but promises multiple surprises. In the event, only one exclamation mark is needed for Don Dunfield, the diving fool from America whose ship, sliding and springboard clowning is the undoubted highlight of the Las Vegas-style circus entertainment at the New London Theatre.

That there are more surprises is not always to the credit of the production. It is surprising, for instance, that the young singer from Gibraltar, Peter Rassa,

who slinks on between acts to croon while surrounded by several gyrating young women, should be thought to have enough style to sing to two rather handsome choruses, let alone to the rest of the audience. And perhaps it is rather less of a surprise that Romero, the Wonder Horse should obviously find the slick stage floor unattractive for dancing.

British singers score in Geneva

Così fan tutte  
Grand, Geneva

Kenneth Loveland

Strength in characterization is something with which the best British singers are richly endowed, and since this is something Boy Gilbert seeks assiduously in his scorching production of *Così fan tutte* in Geneva, it is no coincidence that the cast is British. The Fiordiligi of Margaret Price, the Dorabella of Anne Howells and the Ferrando of Ryland Davies all achieve positive impact not only through fine singing but also through sharp delineation and imaginative blending into a production which places emphasis on gradually deepening emotional shades.

The designer is Toni Businger. It is the fifteenth occasion on which he and Boy Gilbert have collaborated, mostly in Hamburg, though it is Mr Gilbert's first venture into lyric theatre. To project the interplay of characters more definitely, they have reduced sets to an absolute minimum, throwing the conspiracy and its people into brighter relief. Gunther Remmert and Leni Bauer-Escy did something similar in Salzburg in 1969, but the background was bare, and one could wish that Geneva's collaborators had carried the courage of their convictions to this same ultimate end.

Instead, there is a back-

ground of an elegant garden and the Bay of Naples, and it is in this that the characters find the doors for their entries and exits. In a production directed towards itself, it causes its regular supervisor, This, and the view taken of Despatch, are the only debits. Despatch, Fears aroused by the description in the programme of "a pastiche of Despatch" are confirmed. Totally sourette Despatch ought not to be, and well though Sylvia Geszy sings the role, her appearance throughout in a pair of kinky, knee-high tight fashion boots given, also a tendency to over-exaggerate impersonation on Miss Geszy's part, makes the character close to vulgar, a cover which should never intrude on the mind when *Così fan tutte* is the opera.

On the other hand, Mr Businger's attitude to Don Alfonso, so admirably assisted and conveyed by Gabriel Bacquier, gives someone we know valid new dimensions. Here is no poised cynic or clever philosopher seeking to score off a quarter of young lovers, but a sympathetic friend out to prepare them for possible disillusionment to come and soften the impact. Under these conditions and given an actor of Mr Bacquier's refinement, "Tutti accusa" becomes a gentle and compassionate message of consolation, preparing us for the forgiveness in 1869, but the opera's culminating message, Mr Gilbert takes note, too, of the truth that it is the ensembles that are the opera's chief glory, and is careful about their position.

"Scave, se il vento". Parody is

small boy who tried to keep the car together. Mr Dunfield was the other clown, surrounded by acts like the Wychwoods—who conjure poodles from scarves and glass cages—the aerialists, Miss Kong, from France, jugglers from the Netherlands and bicycle acrobats from Italy. Mr Dunfield's spectacular physical clowning on a diving board over a trans-pole raised suspense, soap and cheer as well as ample laughter. His disguise as a drunkard might fool some tipsy observers into thinking that face indeed wrenched over inebriation, but his extraordinarily funny pratfalls very nearly save the show.

I am sorry to report that Miss Muller the elephant failed to make her announced appearance.

Tommy Steele and Anthony Valentine

Sam Goldwyn may have erred

Hans Andersen  
Palladium

Irving Wardle

Sam Goldwyn took eleven years before agreeing to release the Frank Loesser-Hans Andersen songs as the basis for a stage sequel to the Danny Kaye film, and it is lucky for the Palladium management that he is not still around to witness the result of his error.

Never having seen the film, I cannot say whether its mangled story-telling arises from an attempt to stage the original screenplay or from Beverly Cross's unaided invention, but from the first moments where the young shoe-maker utters a magic spell over a spool village puppet and nothing happens, it is clear that some-



Tommy Steele and Anthony Valentine

Sam Goldwyn may have erred

Hans Andersen  
Palladium

Irving Wardle

thing is adrift in the narrative department. Hans does acquire a fairy-tale guardian who whisks him out of the Odense rug, but where it is the proper business of guardians to test the hero's mettle, Otto does all Hans's work for him, dropping him into the lap of Jenny Lind, getting him out of prison (not that the show ever explains why he was in to begin with), and supervising his command performance of The King's New Clothes. It says much for Anthony Valentine's quizzical performance that you are always quite glad to see this meddling intruder.

Otherwise, the book leans on Cinderella, with Hans as Bussard pursued by a formidable vulgar Lila Jave, and sets up a romance with Jenny Lind, which fact prevents it from consummating. Tommy Steele has two

contributions to the concert included his four-hand arrangements of the overture and cavatina from *The Barber of Seville*. These are among the sin of his youth, work undertaken simply to keep himself alive, and their musical interest is zero. That is not the case, however, with his transcription of another Johann Strauss II, the Emperor Waltz. This was made in 1925 to fill out the touring programme, which included *Pierrot lunaire*, and it goes some way to suggest that the strings increased to a quartet. Subtly and delectably scored, it is a homage by Schoenberg to a minor but not negligible side of his Viennese heritage. Probably he and his pupils took as much pleasure in paying these tributes as the Nash Ensemble did in playing them. Don't miss the recording on Christmas Eve.

London debuts

Patricia Price  
Purcell Room

Joan Chissell

Though born in Cheshire and trained in Manchester, Patricia Price, the mezzo-soprano, won the first of her several notable awards in Australia. In her recital for the Kirckman Society on Monday she was partnered by two Geoffrey Parsons, needing no introduction, and Keith Crellin, the viola player, who is on the staff of the Tasmanian Conservatorium.

The viola in this context of course means Brahms, whose two songs with viola obbligato were among the best things in the programme. Miss Price has the kind of voice Brahms loved, dark but warm and glowing, with a mellowness of feeling to match, and moulded his melody lovingly as well as smoothly. Voice and viola could not have been more sympathetically intertwined.

There were fine things in Miss Price's Schubert group too. It was good to hear warmth combined with such incisive strength of projection in "Dem Unedlichen" while at the opposite extreme the found calm, sustained line for "Meeresstille". But "An Sylvia" was rather serious. Apart from singing in German she gave us Tchaikovsky in great immediacy and imagination, always trying to draw her out.

February at the National Theatre

The National Theatre's next production in the open stage Olivier Theatre is a new translation by Michael Frayn, commissioned by the NT of Chekhov's *The Cherry Orchard*, opening on February 14 (not January 31 as previously announced). The previews are on February 2, 3, 4, 6, 7, 8, 9 and 13.

Some of the notices on this page are reprinted from yesterday's later editions.

A colourful Manchester landlady

Anne Howells, Margaret Price and Ryland Davies, with Wolfgang Brendel kneeling (back to camera)

This England  
Thames

Stanley Reynolds

Granada's new *This England* documentary series has started on an all-night disco in Wigan. It had the best rider and runner possible for that track in Norman Swallow, man of the grainy North Country as the ducer, and Tony Palmer, a Manchester musical director, as the rock music man, directing. But the programme fell down and should have perhaps been shot dead halfway through. It was weak with a programme on an all-night disco in Wigan. It had the best rider and runner possible for that track in Norman Swallow, man of the grainy North Country as the ducer, and Tony Palmer, a Manchester musical director, as the rock music man, directing. But the programme fell down and should have perhaps been shot dead halfway through. It was weak with a programme on an all-night disco in Wigan. It had the best rider and runner possible for that track in Norman Swallow, man of the grainy North Country as the ducer, and Tony Palmer, a Manchester musical director, as the rock music man, directing. 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## SPORT

## Racing

## Jockey Club bend with the wind

By Michael Phillips

Racing Correspondent

A fair and entirely feasible plan for the long-term future of British racing was outlined in London yesterday by Lord Howard de Walden, the senior steward of the Jockey Club. The plan, which would need the support of government and therefore obviously takes time to implement, forms the basis of the Jockey Club's latest submission to the Royal Commission on Gambling which is not expected to make its report until the middle of next summer at the earliest.

Basically, the Jockey Club's proposals, which it must be said represent a complete and utter U-turn in policy, advocate the establishment of a new racing authority to supervise the sport-cum-industry in the British Isles. And in giving this paper their unanimous support, the Jockey Club have said in as many words that they are now prepared to relinquish their control of racing in this country in the future. They are also prepared to see the sport-cum-industry organisation at the head of affairs, which could put an end to all the pickering and animosity that has plagued the scene since the death of Lord Howard de Walden.

Lord Howard de Walden made it quite clear yesterday that the Jockey Club had changed its mind and would no longer be the driving force. When he took office 18 months ago he let it be known that he was determined to push through some radical reforms. It says much for his conviction and strength of character that he has carried the club with him.

Already he has established the Racing Industry Liaison Committee, taken as its first task the drafting of a new constitution for the governing body, and done much to preserve the best elements of the Jockey Club while at the same time treading the path of reform and keeping very much in step with the latest moves in the industry.

And so this latest move, basically it originates from the Royal

Commission's decision to ask the Jockey Club for suggestions how best British racing could operate under a new form of authority. The whole concept of a new authority is nothing new—Sir Henry Handley had advocated an umbrella under which racing could shelter way back in 1968 when he and his committee published their report on the racing industry. But the recommendations have been implemented, but because of the lack of interest in Westminster racing, the recommendations have not been implemented.

Yesterday, Lord Howard de Walden said that the Jockey Club's proposals which had been made at the specific request of the Royal Commission, pointed the way to how best a sensible and workable arrangement could be reached which would combine the Jockey Club's long experience in successful turf administration with safeguarding the public interest. Clearly their proposals have not been arrived at without a great deal of self-examination, contrary to what some might say.

Lord Howard added his statement by saying that the industry must be given the opportunity of controlling its own destiny, while at the same time placing itself in the hands of a statutory body which by virtue of its independence and public accountability which is imperative in matters of finance. "Yesterday's submission sets out how the Jockey Club believes that a racing authority could be set up with the full support of the industry. The aim of the paper was to suggest an outline design for a

racing authority having overall responsibility for the control, development and organisation of racing, so constituted as to command the confidence of government and the racing industry, and within which the Jockey Club still has a clearly defined and financed position.

In the opinion of the Jockey Club, there should be six general principles underlying the establishment of a racing authority. First and foremost, they are that the "Home Office" should remain the government department primarily responsible for horse-racing, and that membership of the authority should be determined by the need to ensure that the authority always has available the widest possible knowledge and experience of the industry, and that at the same time the interests of the public and of those who derive their living from the industry are safeguarded.

The Jockey Club's submission goes on to state that the powers currently exercised by the Levy Board as set out in existing legislation should be transferred to the new authority, and that the Levy Board should remain the means whereby financial support is provided for the racing industry.

The authority should also approve the levy scheme except in the absence of agreement, when the Levy Board should exercise its powers. Finally, the Jockey Club should continue under delegated powers from the authority and in accordance with the object contained in its royal charter to be responsible for administering the racing, and the authority should provide funds to the Jockey Club for this purpose.

delegation certain of its functions, while retaining ultimate responsibility for the determination of policy. The authority should delegate to the Jockey Club responsibility for the formulation of rules, and for the day-to-day administration of racing, together with power to make decisions and adjudicate in those areas encompassed by the rules of racing and the related administrative matters.

Reactions to yesterday's announcement were varied, but on the whole encouraging the Jockey Club point of view. David Sless, speaking on behalf of the Racehorse Owners' Association, of which he is president, said that he was pleased to give his support to Lord Howard de Walden's statement, and that his recommendations for a new racing authority were in broad agreement with the Racehorse Owners' Association's written and oral submissions to the Royal Commission on Gambling.

His support was echoed by Bob McCree, the chairman of the Thoroughbred Breeders' Association, who said that he was delighted to hear what Lord Howard had proposed. "The TBA," he said, "had laid down similar guidelines in their own submission to the Royal Commission."

Speaking on behalf of the Levy Board, Desmond Plummer said that he saw many flaws in the Jockey Club's proposals. However, he should continue under delegated powers from the authority and in accordance with the object contained in its royal charter to be responsible for administering the racing, and the authority should provide funds to the Jockey Club for this purpose.



Mannyboy (right) led by Evander, who later faded.

## Mannyboy to aim for the 1979 Grand National

Mannyboy, owned by Frank Pugh, won the Whitelaw Gold Cup at Folkestone yesterday, beating Doon Park by four lengths. "I've always wanted a gold cup and now I've got it," said Pugh. "I've made it." Mr. Pugh said that he was very pleased with the result and that he was aiming for the 1979 Grand National. He said that he was very confident of Mannyboy's chances and that he was very happy with the result.

Stan Mellor, who has struck great form, had his fifth win in the last three racing days when he won the Whitelaw Gold Cup. He was riding for the second time in the Whitelaw Gold Cup and was very happy with the result. He said that he was very confident of his chances and that he was very happy with the result.

## Rodman's last two wins confirm his class

By Michael Seely

This afternoon's Fimble Hurdle at Chesham shines out like a glittering jewel against the backdrop of the usually quiet winter weather. It is not clear who is going to win either the Chesham Gold Cup or the Chesham Hurdle, but Rodman's claims to be considered the outstanding three-year-old are undisputed. Fred Winter's young horse can certainly hold his own as a favourite for the Daily Express Triumph Hurdle with another sparkling victory.

His detractors say that of the 1966 victor, Black Ice, has made his first appearance as early as that. The pattern for the big Chesham Hurdle is never formed until nearer to the day. History is on his side, and his races are won by horses and jockeys who have seen Rodman's last two successes must be convinced of his class. Even John Sheehy's record form was sufficiently moved to put "impressive" against Rodman's name in the form book.

At Cheltenham Rodman beat Slasher with that high clear jump from the flat, Polteron, third. Polteron, winner of the Gordon Stakes at Goodwood, last summer, was a profound effect on the result of his first outing over hurdles but good horse that he is. It is hard to see Tom Jones, three-year-old turning the Cheltenham tables on his conqueror. Pin Tuck, who has been a credit but Rodman must carry the maximum of confidence. Winter's young horse has been a credit but Rodman must carry the maximum of confidence.

Another likely winner for Winter is Mister P, the first of the new division of the Northampton Novices' Hurdle at Towcester. I understand that with the future in mind the Huntingdon winner is in the hands of the most promising members of the club. Already a superb jumper, the four-year-old should prove too quick for Waterford who ran well when fourth to Shore Capital at Sandown Park.

## Catterick Bridge programme

12.15 BROMPTON HURDLE (Div I: £464: 3m 30yds)  
12.30 NORTHAMPTON HURDLE (Div II: £472: 2m)  
1.0 NORTHAMPTON HURDLE (Div II: 4-y-o novices: £272: 2m)  
1.15 ELLERTON STEEPCHASE (£603: 2m)  
1.45 CHARLES VICKERY STEEPCHASE (Handicap: £1,040: 3m 30yds)  
2.15 STREETLAM HURDLE (Div I: 4-y-o novices: £471: 2m)  
2.45 BROMPTON HURDLE (Novices: Div II: £462: 3m 30yds)  
3.15 STREETLAM HURDLE (Div II: 4-y-o novices: £471: 2m)

## Towcester programme

12.30 NORTHAMPTON HURDLE (Div I: 4-y-o novices: £272: 2m)  
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## Chesham programme

12.45 ANGLER HURDLE (Handicap: £463: 21m)  
1.15 GAINSBOROUGH STEEPCHASE (3-y-o novices: £586: 2m)  
1.45 FINALE JUNIOR HURDLE (3-y-o: £3,220: 2m)  
2.15 TERRY WOGAN STEEPCHASE (£865: 31m)  
2.45 NEWBURY STEEPCHASE (Handicap: £588: 21m)  
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## Queen's Bench Division

## Man who did not pay on the Underground

Curry v Saunders  
Before Lord Justice Megaw, Lord Chief Justice, Lord Justice Cuming-Bruce and Mr Justice Park

A traveller on the London Underground who regularly took a 10p ticket, travelled beyond the permitted distance and handed to the ticket collector a slip of paper bearing correct details of the journey, name and address, was properly convicted of an offence under section 5(1) of the Regulation of Railways Act 1843 as amended by section 4(2) of the Transport Act 1962.

The Divisional Court, in a reserved judgment in a test case, dismissed an appeal by Peter Curry, of Rose Square, Camberwell, by the North Westminster stipendiary magistrate (Mr P. W. Gidstone) on 46 charges of unlawfully travelling on the railway without having previously paid his fare and with intent to avoid payment, contrary to section 5(1)(a), (b) and (c) of the Act.

It was perfectly plain that he had an intention of paying unless London Transport pursued him for the money. It was not an unequivocal intention to make the prescribed payment, but an intention to pay only if the railway authorities requested payment.

It was contended on the defendant's behalf that in order to prove an offence under section 5(1)(a), the prosecution had to prove an intention not to pay the proper fare unless and until the railway authorities tracked him down and requested payment. That was quite enough to constitute an intent to avoid payment.

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spaces he entered on each occasion the station of departure and arrival, and he signed his name in the appropriate space. The outstanding sums due in respect of the journeys specified in the information were £9.92.

Plainly, from the facts, throughout the period that he was travelling on the railway, he did not intend to pay the prescribed fare until after he had ceased to travel, and his intention was to pay only if the railway authorities requested payment.

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Bernard Levin on the Moors murderers and how politics and public opinion affect their chances of parole

# Is there any chance of Myra Hindley ever being freed?

It has now been officially stated that Myra Hindley and Ian Brady will be considered for parole in the course of 1978; considered for parole, not necessarily given it. This, of course, means that the Home Office, and possibly the Parole Board, have now caught up with Lord Longford, who has been pressing the case for such consideration for some time now, notably on a television programme which, a few months ago, caused considerable uproar. The uproar, partly concerned the nature and format of the programme; I did not see it, and since it was impossible to disentangle the row over the programme from the question of substance—to wit, whether either or both of them should or should not eventually be released—I decided to say nothing, though in this matter I am of Lord Longford's opinion. The fact that the programme having now died down, however, it should now be possible to discuss without distraction the case for and against the release of these prisoners, and I propose to do so today. (Strictly speaking, incidentally, a prisoner serving a life sentence cannot be released on parole, only "on licence", but the principle is the same, and I shall use the more familiar expression.)

The case illustrates to grim perfection the confusion that surrounds—indeed, that constitutes—our society's attitude to imprisonment and the reasons for it. In theory, punishment is meant to reform those who undergo it and to deter any who might be tempted to emulate the actions of the punished; in addition, it is sometimes (though not so often as in earlier times) said to be intended as retribution, so that it ought to be meted out to wrong-doers irrespective of any practical effect it might have. Officially, though, the last argument has no place in our penology, and the state's duty is supposed to be limited to ensuring that criminals are punished in a manner which gives the greatest hope that they will not do it again (this includes the element in the theory which is simply concerned with protecting society against those who are too dangerous to be loosed upon it) and the greatest chance of inhibiting others from doing as they did.

The deterrent effect of the life sentence imposed on Miss Hindley and Mr Brady for the appalling crimes of which they were both justly convicted is, of course, obvious. The origins of the impulse that drove them to such evil are buried deep in the human psyche; whatever they may be, they are not to be reached by any probe of reason. Those capable not only of conceiving but of carrying out sadistic practices of the kind involved in their case are incapable of weighing the consequences for their victims, or indeed of understanding them.

Next, reform. Here we come to territory on which there are recognizable landmarks. Lord Longford, who has visited Miss Hindley frequently, and a recently-released prisoner who had seen much of her in prison, are both convinced that she has genuinely repented of her crimes, and would be no danger to society or anyone in it if she were now released.

Such testimony is obviously not conclusive. It is, however, presumably supplemented by various reports on her behaviour and attitude prepared by the prison authorities and other individuals and bodies whose duties include the making of such observations and the preparation of such studies. Certainly, if the Home Secretary were to contemplate releasing Miss Hindley he would have a formidable body of evidence on which to come to a conclusion. And if he is of the opinion that she is not to be released, and that she would be a continuing danger if released, he should say so.

But that brings me to the confusion of which I speak. For it is dreadfully clear that even if it were agreed on all hands that in no circumstances would she ever do anything criminal again, the present Home Secretary would be reluctant to release her, simply because he would be unwilling, for political reasons, to face the inevitable fury. And the inevitable fury is, of course, based on the theory of punishment that is supposed to have no place in our system, to wit the retributive. Myra Hindley did terrible things to innocent children; therefore, runs the instant but unreasoning answer, she must not be released. And if she is not to be released, she must certainly not be released, at any rate unless such conditions and safeguards are arranged as to ensure that she is unable to do further harm.

But if she is not—if, in short, she would be released were she any other prisoner—then her continued incarceration is indefensible. The abiding hatred of the close families of the victims in this case is understandable (I gather it was expressed with vehemence on the television programme I referred to). Such hatred, like all hatred, is inevitably damaging and corrosive in its effects on those who nurture it; but the horrible wickedness of what was done to their children is such that it would require something not far removed from sainthood to come to terms with the feelings it arouses. But though we surely all feel revulsion at the crimes, and it will be a sorry day for our society when we feel anything less in such circumstances, the rest of us have no right to the desire for revenge that possesses those whose children died.

In particular, the Home Secretary and the Parole Board have no right to such feelings, and above all no right to act on them if they have them. An earlier Home Secretary displayed an unnecessary eagerness to condemn the action of a wise and experienced prison governor who took Miss Hindley out for a walk; that was Mr Robert Carr, and the present holder of the office is unlikely to be less responsive to political pressure than he. It is therefore even more unlikely, not only from Lord Longford and other outsiders who have spent time with Miss Hindley, but from his professional advisers, that the Home Secretary will be willing to authorize the taking of even the first step on the road to her release. Yet I repeat: if all necessary conditions are met, and all fears are satisfied, how can it be right to keep her in jail when any other prisoner would be released, only because of the ugly clamour that would follow? (And even the Parole Board's chair-



Myra Hindley and Ian Brady: they will be considered for parole next year.

Rhodesia: where the Africans stand on both sides of the 'front line'

## The blacks who fight for the white regime in Salisbury

Bulawayo

A group of about 20 Africans squatted quietly outside the main gate of the Rhodesian African Rifles (RAR) depot at Bulawayo, about 40 miles south-east of Salisbury, waiting for the next selection course to take place. The course lasts about three days, and if successfully completed the men are then transferred to a "waiting area" for two to three weeks before they begin formal training with the RAR. Every day there is a queue of Africans outside the depot gates. They come from all corners of the country to join the regiment, which is doing a major part of the fighting in the present war against the guerrillas belonging to the Patriotic Front.

There are 1,200 black recruits undergoing training at Bulawayo at any one time. The course lasts three months, which means that each month 400 fully trained black soldiers are being fed into the ranks of the Rhodesian Army to bolster the war effort.

"Our aim at Bulawayo is to produce a soldier who is able effectively to participate in a counter-insurgency war," said Major Morris, a wiry, tough-looking British-born soldier who was brought out of retirement to take command of the RAR depot. "I admit I was slightly hesitant at first whether we would be able to train men sufficiently well in only three months, but I think we are succeeding."

Four of the 15 black officers who were commissioned earlier this year, the first ever to be appointed in the Rhodesian Army, are based at Bulawayo. I met one of them, Lieutenant Paul Nkhomo, over tea and sandwiches in the officers' mess. Apart from a tendency developed during his years as a warrant officer to call everyone "Sir" he seemed to me to account for well over half the total force—and their numbers are growing daily.

At the moment there are two full RAR battalions in operation and a third may be formed shortly. The RAR also operate a number of "independent" companies which are racially integrated units with black and white officers and non-commissioned white national servicemen and black regulars. Virtually all specialist units, such as the Selous Scouts or Grey Commandos, contain a substantial number of blacks.

"In fact," Major Peter Morris, the RAR commanding officer at Bulawayo, said, "there is hardly a 'white' (the basic military unit) anywhere in the country that does not have blacks in it."



Side by side: blacks and whites under arms for Mr Smith.

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## Tribal differences rob the guerrillas of unity



Mr Nkhomo: fighting force.

The guerrilla forces ranged against Mr Smith's troops make a fascinating contrast. In Mozambique, they are, quite clearly, no match for the Rhodesian forces. In Zambia, though, where they are training as a real army.

Latest reports suggest that the recent incursion by the Rhodesians into Mozambique killed as many as 2,000 men. Their appalling slaughter was inflicted with scarcely any loss, and no doubt confirms the white regime's grim satisfaction that it has—as yet—nothing to fear on that front.

The picture in Zambia is quite different. Mr Joshua Nkhomo has been building up his forces with remarkable speed and effectiveness over the past 18 months. According to the latest estimates, he now has at his command 6,000-7,000 trained men and another 10,000-15,000 on the way. Training is done partly in Zambia and partly in Angola, almost entirely by Cubans.

## Missing out, but not in the upper register

Having received (at last) some measure of the Christmas Spirit when I attended Ted Heath's carol concert on Monday night, I was desperately depressed to learn yesterday that his voting record during the past 12 months was less than a former chief whip might desire.

He has, according to *The Political Companion*, voted in fewer than 50 of the 234 divisions in the session ending October 1977. Only 23 other MPs have achieved this singular record, though none (I suspect) with such excellent excuse as leading me and Lord Longford in a melody of carols as the 10-o'clock division bell rang.

The *Companion* tells me that while the former Tory Prime Minister has been slackening, Sir Harold Wilson has proved his voting record from 33 per cent. Which only goes to show that nothing becomes a man in high position so much as the leaving of it.

But I digress. The carol concert, with Lord Longford and me snuck up (appropriately) in "the gods" at Central Hall, was a great success. Mr Heath ad libbed (but looked tired), Lord Parn sang lustily (but flat) and

## Papering over academic cracks

University College, London and the Nidale plant of the sedge family known as papyrus go together like Liddell and Scott. For the past 30 years UCL has been the world centre of papyrology, as it has explored the rich harvests of papyrus from *Oxyrhynchus*, the vanished Ptolemaic town to the west of the Nile.

Eric Turner, the Professor of Papyrology, who has led the exploration since 1948 and has rescued so many treasures of literature and scholarship from the black abyss of time, has calculated that there are enough papyrus still unexamined to keep the explorers busy until at least the end of the century.

Who knows what else lies buried in those mounds of fragmentary and fragile paper? Another missing page from Memnon? Byzantine texts of

## When 'star' means war

There, looking local, in our pub in Islington was a very hirsute Simon Ward, saying he was hoping to get rid of his "young Winston" image there was to be a screening on Christmas Day of the great epic.

Mr Ward (who is older than

## The reverse image

Since my original visit (November 24) to the exhibition of anatomical drawings by Leonardo da Vinci, I have discovered a curious run on pocket mirrors at the Royal Academy.

The explanation, I understand, lies in the steady stream of people who want to decipher the cryptic notes with which the artist accompanied his drawings.

For a reason which nobody seems to be quite sure about (though the most popular theory is that he was left handed and did not want to



...as we don't have television, cancel our newspapers over Christmas.

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## Word in memoriam

Will these new fangled institutions of higher education stop at nothing? I hear from the North East London Polytechnic that one of the main speakers at their forthcoming conference on life and death will be none other than medium Ewa Twigg. Does this mean we can look forward to the first lecture from the other side? It could give a whole new meaning to memorial lectures.

## Culture and high grade fun

Back from "a most remarkable welcome" in Japan, Lord Grade waved his cigar at me yesterday and said it was "a lot of baloney" to suppose that you can't do business with the Japanese. Establish a relationship, he added, and do it at chairman and chief executive level and all will be well.

## Christmas exercise

For those who like to mangle their minds at the festive season wrestling with Christmas quizzes, Christie's the auctioneers have put their departmental heads together to come up with a really testing specimen.

## Daily history

As ATV joins the takeover battle for the most famous waxworks in the world, the waxworks is frankly its letters with the slogan "Battle of the Waxworks".

...dynasty happens





## RHODESIANS SEARCH FOR SECURITY

The talks between the Smith government and the three internal black Rhodesian groups have resumed to grapple with the key issue: safeguards for the white minority. Mr Smith has to all appearances now conceded every one of the first five British principles for a settlement.

When that sixth principle was put in, contemporaneously with Mr Wilson's quest for a formula for "unimpeded progress to majority rule" in the Tiger, then Fearless, talks, it seemed a make-or-buy deal. The real safeguards for the whites in those far-off days were entrenched in proposals for a longish interval, the lifetimes of several governments if not of Mr Smith himself, for the transfer of power, during which both races could adapt. Now that Mr Smith has conceded adult universal franchise and a black majority in parliament in 1978, the problem of safeguards becomes the key to the log-jam. For he has introduced (or retroceded) provisions for white security that undermine the concession of majority rule itself. His agreement to one man one vote did not, as was first assumed by Bishop Muzorewa, Mr Sihole and Chief Chirau, mean a single voting roll without qualified franchisees, whites voted with (and being outvoted by) blacks. Mr Smith has dodged back to separate voters' rolls, so organized as to enable the white electorate to vote for a third of the members of the assembly—

enough to produce a "blocking third" to veto constitutional changes—while four million blacks vote for the other two-thirds.

Of course it will not do. For one thing, unless an African party won an overwhelming majority of seats the blocking third would become the balancing third, without whose agreement even ordinary legislation could not pass unamended. Even an unlikely possibility of this happening constitutionally would provide the frontline presidents, the United Nations, Ambassador Young and Dr Owen, and above all the Patriotic Front, with a solid argument that Mr Smith was organizing a puppet regime, and that the Bishop had sold out if he swallowed it.

The whole point of Mr Smith's concessions is surely to produce a responsible black government, excluding those who will not abandon the armed struggle, accepted by the world as the choice of the black people of Zimbabwe, and it would be lost by any such provision to entrench white security. The war would go on, and would probably be lost by the new regime even with white support. If there is to be an internal settlement that can be defended diplomatically as well as militarily from Salisbury, the two-roll device for producing blocking thirds must vanish from it.

Nothing Mr Smith can now negotiate will give white Zimbabweans full security. This pill must be gulped. Once the transition is made their security depends on their usefulness. This can be great to a moderate black leadership, technically, economically and so long as the

guerrillas fight on) militarily. Treating the whites fairly is the guarantee of the proposed Anglo-American loan to strengthen up an already resilient economy to provide more black employment and black farming opportunities. This consideration would not weigh with a Patriotic Front regime, which could and well might rely on the new Russian-organized colonial service, mainly staffed by Cubans. It thus makes sense for the whites to trust men like the Bishop. There is no halfway house.

It must be faced that even with every possible paper safeguard, such as a bill of rights and provisions for an independent judiciary, Zimbabwe may ultimately prove uninhabitable by a white community. For example it cannot be known whether the injustices of the past have sown dragon's teeth of anti-white feelings which will grow into punitive actions, even violence, when watered by true black power. The ultimate sole white safeguard is withdrawal, to South Africa and elsewhere; to preserve this, it is citizenship rights and compensation arrangements that alone are relevant.

To provide such a fallback resort, the Rhodesians need to have a settlement with the United States for their gamble. If asked for them, Britain and the United States must be satisfied that the settlement is real and irrevocable, and such as will enable them to say that it transcends the white paper and justifies international recognition and an end to sanctions. It remains to be seen if such a settlement emerges in the two months that Mr Smith foresees as the time needed for a "breakthrough".

## TO WHAT FUTURE ARE THEY RELEASED?

At a symbolic ceremony attended by diplomats and foreign correspondents in Sumatra yesterday 886 Indonesian political prisoners were released. They were part of the 10,000 whose release was promised many months ago by the powerful security organization. Many have been more than ten years in detention without trial. Next year 10,000 more will follow and in 1979 a final 10,000. All these are in category B, those deemed to have been involved in the 1965 coup but for whom evidence is insufficient. There still remain 1,925 category A prisoners awaiting trial for their active participation in the coup and another 1,125 of cases still not classified.

It may be wondered whether the Indonesian Government deserves any credit for these releases in face of constant criticism from bodies such as Amnesty International and the International Commission of Jurists. Even allowing for the figures—which Amnesty believes to be understated—what of the prisoners' guilt? Whatever the Indonesian Government may choose to believe, many outside observers think that the 1965

coup was initiated by a left-wing group of army officers and not by the Indonesian Communist Party as such. This makes the guilt attributed to any member of that party and many thousands more alleged to have communist sympathies a post-coup assumption and no more.

These are the arguments from the past. What of the future for those released? Have they been given their freedom? We are told that those leaving the camp yesterday appeared apathetic towards their release. And well they might be. A renunciation of their communist ideology and a pledge of loyalty to President Suharto given at the ceremony was not the only thing required of them. They also had to show that in the camp they were allowing a way of life in accordance with the approved doctrine of Pancasila. Then their families had to accept them back, which many have been unwilling to do. The security of the family might thereby be endangered. At one women's camp the commandant admitted that 95 per cent of prisoners' families had refused to receive their relatives. And even when families are

brave enough to consent of neighbours is also needed.

When all these hurdles are overcome the prisoner must show that he has a guaranteed job to go back to. The rare few who pass all these tests must still face six months of house detention followed by six months more of restriction to town or village dwellings which weekly reporting to local government organizations will be required of them. Obviously the majority will fail to meet such onerous stipulations. For them, scattered over the Indonesian islands, are resettlement centres "awaiting volunteers". These are mostly in Sumatra, Kalimantan and Sulawesi and those who are from those parts have at least the hope of a life lived within reach of the homes that they could visit. Java has no room to speak of for resettlement. For the majority from Java, over-populated island, resettlement means "ghost islands like Bura or such similar settings that Indonesia offers as the tropical equivalent of Siberia. They will get land and material to build a house with but that is not very promising when their new freedom amounts to moving from one camp to another.

## STATE BOARD FOR RACING

The Jockey Club has been criticized in the past for being an anachronistic, self-perpetuating body with attitudes appropriate to a past period of social history. That assessment was exaggerated, but contained a measure of truth. Racing is now a substantial industry, with ramifications of importance to the country's economy. It generates, directly and through the betting industry—indirectly, employment for more than 100,000 people, and contributes, through betting, more than £100m to the Treasury. The control and government of racing has nevertheless continued to be vested in a body which is, to a large extent, unaccountable for its actions and impenetrable to all but a very few. In the past two weeks, however, the Jockey Club has shown signs that it has taken to heart much of the criticism directed against it and is prepared to react to it in a positive way. Earlier this month it announced that it had for the first time admitted women to membership. That might seem a belated move in recognition of the enhanced

status of women in society, but it was, for the Jockey Club, an almost revolutionary step. Yesterday, it revealed an astonishing about-turn in its attitude to the future of racing in Britain. Having previously expressed to the Royal Commission on Gambling its strong opposition to the concept of a national racing authority to govern the industry, which would take over some of the powers now exercised by the club itself, it has changed its mind. In supplementary evidence to the commission, it has put forward its own suggestions for such an authority. The Jockey Club would have two of the ten places on the new body, with the Home Office appointing three others, including the chairman, and other interests in the racing industry holding the remaining five places.

The detail needs elaboration, but the proposal is, on the whole, sound, and it is greatly to the credit of the Jockey Club that it has reassessed its former view and reached the conclusion it has now put forward, especially as it involves the club in divesting itself of many of the powers

and much of the decision-making authority it has had since racing first became organized. The new proposals are broadly similar to those of many other bodies which have given evidence to the Royal Commission, and it is also clear that the commission itself—which should report in the second half of next year—has been thinking along the same lines. Jockey Club opposition would have made implementation of a recommendation for an overall racing authority difficult. The way is now open for such a step to be taken with the full participation and support of the vast majority of racing interests.

The proposal would not amount to nationalization of racing. It would cost the taxpayer very little, since revenue for racing would continue to come mainly from levies on bookmakers. It would ensure that decisions would be taken by those intimately concerned with the industry, over a much broader base than is the case at present. The reconsidered attitude of the Jockey Club can only be to the benefit of racing.

## Han dynasty happenings

From Dr Michael Loewe  
Sir, The account of the astronomical observation made in China for the year 5 BC (*The Times*, December 13) must be read in its appropriate context, which is that of the history of China and the significance that was attributed to strange occurrences by officials of the Han dynasty.

At the time it was believed that there was a unity between the realms of Heaven, Earth and Man, and that the activities of any one of these realms corresponded with those of the others. Disturbances in the heavens or on earth were closely related to human actions, and served to point out the error of man's ways or acted as a warning of impending catastrophe. This belief bore consequences of a dynamic and political kind; reports of strange phenomena could be used to criticise authorities of state for the failure, misdirection or oppression of government.

The *hsi-king*, or nova, which was seen for 70 days from the second

month of 5 BC was linked, perhaps retrospectively and with the benefit of hindsight, with an important and potentially treasonable suggestion put forward in the sixth month. At the time the Emperor lay ill and there was no heir to the imperial throne. Some believed that the Han dynasty had run its course and stood in need of reedification by both symbolic and practical actions, and an edict ordered certain changes to be made with this intention. But unfortunately these measures failed of their purpose; the young emperor's illness continued unabated, and the death penalty faced those who had suggested that dynastic changes were due.

The *hsi-king* was by no means the only portent to appear in 5 BC. At the very moment when senior officials of state were receiving their charge, an unexplained sound of bells ringing was heard in the court. At another time there was a report of the birth of a three-legged colt. In 4 BC seven 80-foot long monsters were cast up on the shores of East China; elsewhere the hewn

timbers of a rotten tree suddenly arose of their own accord; and from another fallen wooden column there sprouted a branch shaped like a human being, strangely coloured and bearing hair.

Sir, the people of Han China lived in strange times and they were quick to note the disturbances of the natural order and to invest them with a political significance. There was indeed a brief soteriological movement gathering strength in China at the time, and culminating in 3 BC in mass meetings of those who called on the Queen Mother of the West for protection and the gift of immortality. Your readers may be interested to note that there were some who regarded strange emanations in the heavens, seen on March 4 6 BC, as an omen that predicted that strange outbreak of popular feeling. Yours faithfully,  
MICHAEL LOEWE,  
Faculty of Oriental Studies,  
University of Cambridge,  
Sidgwick Avenue,  
Cambridge.  
December 16.

## Chinese lessons for the West

From Mr Gerald Foley

Sir, A fifth of the world's population live in China in a manner which avoids some of the worst problems of other parts of the world. This undeniable fact is what makes China so fascinating and important.

But like everything else the achievement of China has its price. The crucial issue is not whether there are merits and disadvantages in its system—any sane person would admit there are both—but what is the balance between them.

Many now fear that the price we are in danger of paying for Western freedoms is a precipitous collapse of the system as we reach the end of readily available energy resources. If the free collective decision of the UK is to blow its North Sea resources in less than a generation, and before we have any idea about how to get on without them, the price we are paying is too high.

We cannot afford the complacent assumption that the liberal democratic system we can learn from is always a better system. We should look at it as clearly as we can, and learn from it. Bernard Levin may feel it is his duty to retail solely the disadvantages of the Chinese system as a balance for the sorry-eyed praise of the Chinese worshippers. I would be more than ready to do so, but I have the misfortune to have the headquarters of "the Moonies" in my constituency area and know from experience the great damage that can be done to families and to society by the wrong member. The actions used by "the Moonies" are incompatible with freedom and the independence of the individual. It is true that their method of indoctrination of the individual into their cult amounts to a form of brainwashing.

In our free society, people must be free to choose, and since it is not possible for Parliament to legislate against the specific nature of the Unification Church and the way it operates, JOHN D. WHEELER, Prospective Conservative Parliamentary Candidate, 52 Bishop's Bridge Road, W2.

## The Unification Church

From Mr John D. Wheeler

Sir, I congratulate *The Times* upon the series of articles about the activities of the Unification Church, more commonly known as "the Moonies". You have rendered a considerable public service in making more widely known the insidious nature of this so-called "cult". I have the misfortune to have the headquarters of "the Moonies" in my constituency area and know from experience the great damage that can be done to families and to society by the wrong member. The actions used by "the Moonies" are incompatible with freedom and the independence of the individual. It is true that their method of indoctrination of the individual into their cult amounts to a form of brainwashing.

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## Working from home

From Ms Tess Woodcraft

Sir, As a group of women legal workers, we are concerned at the number of laws and legal decisions which compound the practical problem of women as a result of their position in society generally. The case of Mrs Hilary Burton, the child-minder who was held by the High Court in Leeds to be carrying out a business and thereby was to be acting in contravention of a restrictive covenant on her home, is a clear illustration of this.

The decision has serious implications for women on a number of fronts. Firstly, if a "business" is carried on at home, it will probably be by a woman. Childminders, mail order agents, homeworkers in a number of skilled and unskilled fields (over half of whom it is estimated, are technically self-employed) are almost all women. The reasons are obvious—they have small children to care for, they need to make some money (however little), and it is usually very little indeed—and they are frequently unable to find alternative work. The High Court decision will either lead these women to give up working altogether, or they will continue, working at home, at their own risk and with all its consequences.

Secondly, the decision could effectively wipe out childminding (or at least registered child-minding) thereby dramatically reducing the number of child care places available (56,000 children are cared for by registered childminders) and those harder hit will, again, be women. For although childminding should be considered a profession, it is to community and work based nursery facilities, it is nevertheless the case that working women rely heavily on childminders and a reduction in the number will be a disaster blow especially at a time of cut backs in other child care provision. The decision could also make many currently unregistered childminders even more wary and unwilling to register with their local authorities. Since registration is the only means available to ensure the adequacy of childminders' care and access to it, too, could have serious repercussions for parents and children alike.

Our predominantly male judiciary regard the home as a woman's domain. Complex judgments and judicial decisions bear this out. They certainly do not, however, consider the home to be a place where women's rights and property rights conflict. It is property rights which invariably prevail. We have seen this in rulings on the Domestic Violence and Matrimonial Proceedings Act and now, in Mrs Burton's case, we have yet another example. Yours faithfully,  
TESS WOODCRAFT,  
Rights of Women,  
2 St Paul's Road, N1.

## Hospitals for patients

From Mr Patrick MacMahon

Sir, It appears that just before Christmas we are to have a new phase of the old game of basing the Health Service Administrators. I have every sympathy with the writers of the three letters that you have so far published but I would like to make two fundamental points:

Firstly, Health Service Administrators are becoming increasingly restive at being blamed by their medical and nursing colleagues for decisions and the results of them which were not in fact taken by the Administrators in the first place. The example quoted in your letters of the two extra bank holidays was negotiated at national level and the agreement was couched in such terms that it has proved impossible to arrange the two days to fall at times acceptable to everyone. A

## Progress towards European elections

From Lord Gladwyn

Sir, It is generally agreed that the decisive defeat of proportional representation for the European elections by a combination of anti-European and those chiefly interested in party politics means that such elections cannot in all probability be held in this country until the spring or early summer of 1979. Our remaining European friends in Strasbourg should realize that more optimistic forecasts may well be misleading. Even during the coming year, and no doubt before the present Bill has received the Royal Assent, there will now quite likely be a general election, and the whole thing will have to start again from scratch. Even if this is not so, it is probable that the anti-European feeling will be so strong that the proceedings until the autumn, and thus make a 1979 European election inevitable.

Since under existing agreements European elections cannot take place unless all members of the EEC participate, we shall be severely blamed for putting them off for a year and quite possibly for longer. Moreover, the effect on the development of the Community will, in spite of attempts to minimize it, be deplorable, and possibly disastrous. Whether this is accepted or not, nobody can deny that such postponement will have an adverse effect on any extension of the Community to reform the Community or to make it more congenial from our point of view. How can we avoid such unpleasant possibilities? The answer is to try to bring about a purely temporary measure for a limited period, to nominate, until such time as we can pass the necessary law, our 81 members of the new Parliament from among the members of the Parliament of Westminster in accordance with a broad estimate, to be decided at a Speakers' Conference, of extending political support in the country and the various media to members of the new European Parliament would be genuinely representative of all European political tendencies.

Thus the two major parties might conceivably agree to a parity of representation at (say) 35 or 33 each, the Liberals about 6-8, the Scottish Nationalists 3-4, the Ulstermen 3, with, possibly, one Welsh Nationalist—but these figures are purely illustrative. In order to spread the load, it might be agreed that about 50 of the 81 should come from the Commons and the remainder from the Lords. In addition, the members of the House of Commons as possible. It is true that it might be difficult to find suitable MPs prepared to assume extra burdens, but they might only serve for a short period and their remuneration also be paid to regions. There would thus be a genuinely democratic

element in the nominated delegation.

The temporary nominated members of the Parliament would receive only their vouched for expenses plus an agreed additional remuneration which would be subject to UK tax. After a general election, if that should take place before our law for European elections comes into operation, they would either be re-nominated or replaced so as to correspond with the new political situation.

Such a system would certainly not be ideal nor could it be anything but temporary. It might well, however, be preferable to the postponement for at least a year, and perhaps for longer, of the stimulating experiment of a directly elected European Assembly. In any case we surely owe it to our partners to offer to make some amends for a significant failure to fulfil an outstanding international obligation. Yours faithfully,  
GLADWYN,  
62 Whitehall Court, SW1.

## From Mr Arthur Latham, MP for Paddington (Labour)

Sir, Why is there talk of members of Parliament reneging, defecting or "letting down the Prime Minister"? Since when has a majority of MPs on either side of the House been supposed to have a commitment to proportional representation? The opposite is the case. And what is this so-called Lib-Lab pact? Some time ago, in what we believed to be the national interest, we agreed to support a motion against a Tory censure motion, thus averting a general election at that time.

In the days leading up to this event there were discussions and the Prime Minister made a statement in the Commons about the Government's intentions. It seemed to me that the Prime Minister indicated that he would not ask the House to carry measures for which a majority could not be mustered. I had hardly expected otherwise. I was certainly not privy to discussions before, during or after they took place. Nor was I at any stage asked to endorse any arrangement, or to give any undertaking then or subsequently on the subject of proportional representation or anything else.

This is accurately the position of the great majority of Labour MPs. The Liberals are seldom all in the same lobby at one time. Indeed, it might be said to be rare for them all to be at Westminster together. They certainly cannot deliver regularly. And many of us on the Labour side do not automatically obey the whims of all of an invisible or non-existent one.

I am likely to vote with the Government on a future vote of confidence because I believe it should continue. The Liberals have a similar choice. Yours sincerely,  
ARTHUR LATHAM,  
House of Commons.

## Working from home

From Ms Tess Woodcraft

Sir, As a group of women legal workers, we are concerned at the number of laws and legal decisions which compound the practical problem of women as a result of their position in society generally. The case of Mrs Hilary Burton, the child-minder who was held by the High Court in Leeds to be carrying out a business and thereby was to be acting in contravention of a restrictive covenant on her home, is a clear illustration of this.

The decision has serious implications for women on a number of fronts. Firstly, if a "business" is carried on at home, it will probably be by a woman. Childminders, mail order agents, homeworkers in a number of skilled and unskilled fields (over half of whom it is estimated, are technically self-employed) are almost all women. The reasons are obvious—they have small children to care for, they need to make some money (however little), and it is usually very little indeed—and they are frequently unable to find alternative work. The High Court decision will either lead these women to give up working altogether, or they will continue, working at home, at their own risk and with all its consequences.

Secondly, the decision could effectively wipe out childminding (or at least registered child-minding) thereby dramatically reducing the number of child care places available (56,000 children are cared for by registered childminders) and those harder hit will, again, be women. For although childminding should be considered a profession, it is to community and work based nursery facilities, it is nevertheless the case that working women rely heavily on childminders and a reduction in the number will be a disaster blow especially at a time of cut backs in other child care provision. The decision could also make many currently unregistered childminders even more wary and unwilling to register with their local authorities. Since registration is the only means available to ensure the adequacy of childminders' care and access to it, too, could have serious repercussions for parents and children alike.

Our predominantly male judiciary regard the home as a woman's domain. Complex judgments and judicial decisions bear this out. They certainly do not, however, consider the home to be a place where women's rights and property rights conflict. It is property rights which invariably prevail. We have seen this in rulings on the Domestic Violence and Matrimonial Proceedings Act and now, in Mrs Burton's case, we have yet another example. Yours faithfully,  
TESS WOODCRAFT,  
Rights of Women,  
2 St Paul's Road, N1.

## Belize

From the Premier of Belize

Sir, The Latin American Banking section of *The Times* of December 13, page 11, contains a map which excludes Belize. Please do not write us off the map as we exist as a country with all the attributes of independence and only recently the United Nations voted strongly in favour of a secure independence and territorial integrity of Belize. Please support the United Kingdom vote in the United Nations in favour of Belize. Yours faithfully,  
GEORGE PRICE,  
Premier's Office,  
Belmopan,  
Belize,  
December 19.

## Jumping the gun on demolition

From Lord Northfield

Sir, On July 11 this year I raised in the House of Lords the future of the very attractive and historically interesting collection of warehouses in the Free Trade Wharf area of Wapping in London's East End. Very few groups of buildings as fine as these, originally built by the East India Company, are now left in dockland. On that occasion there was a not inconsiderable interest displayed in the fate of these buildings and in trying to retain them.

The site is owned by the Inner London Education Authority who have applied to the GLC for outline planning permission to develop the site for a polytechnic despite the fact that this is not in the joint dockland plan. However, so far neither has this application been approved nor has the GLC issued any detailed plans of its intentions for the site. At the same time there are others, local people, who have worked up plans, now with the borough council, to convert the existing buildings for mixed workshop and domestic use so as to bring work and housing back into a run down area, and in an architecturally exciting scheme.

Considering this background the ILGA began, on Wednesday (December 14), without warning, to demolish the unlisted buildings on the site, unlisted but still attractive and, as they are the majority of the buildings, of great historical and cultural value of the area and of its character. This, given the working of our planning system, neither the GLC as planning authority nor the Secretary of State can stop. The action seems to pre-empt exactly as I warned in the Lords—not only the GLC's decision on the ILGA's outline planning application but also the possible conversion of these buildings either for use as a polytechnic or for some other use. Moreover, the demolition began without any of the interested parties being informed; even the borough council seemed surprised by the suddenness and apparent secrecy of the operation.

So yet again, despite recent reassurances from the Department of the Environment and County Hall, we are faced by demolition-happy officials operating behind closed doors. The chance of creating a viable community giving employment and housing to a run down area has been lost. Some fine historic buildings have been destroyed. This is a done deal. To preserve any other, even a small, surrounded site of rubble to life waste and idle while the ILGA mulls over the possible use which they may have for the land (many years hence).

It may be that the site is suitable for a polytechnic, though there are reasons to doubt this: it may be that the existing buildings would be difficult and uneconomic to convert, though independent expert advice has questioned this; it may be, as the ILGA claim, that by keeping the buildings they would incur a massive rate burden. But none of this is excuse for the seemingly covert and secretive manner in which a ruthless and yet, you would think, justified demolition of more historic buildings has been rushed. Yours faithfully,  
NORTFIELD,  
House of Lords.

## The price of petrol

From the Chairman of the British Railways Board

Sir, Michael Baily, your transport correspondent, has shown a sound judgment in the handling of the story around my views about petrol prices. I have been interpreted from a quotation in the interview with the *International Railway Journal* as calling for a sharp increase in the price of petrol per gallon. But the context makes my meaning perfectly plain. I was not advocating that petrol should go up overnight by 13p a gallon, but rather drawing attention to the amount by which the real price of petrol had been allowed to fall since 1975. It was stressing the need to relate the price of petrol to an overall national energy policy.

As a national industry (and a relatively efficient user of energy in the transport field) we have no desire to see the nation's scarce resources squandered. As an operator of a very competitive transport market we certainly do not wish to see the gap in costs between relative modes of transport being allowed to widen artificially. This is not a road versus rail argument. It is a question of energy policy in the longer term. We have confidence in our own contribution to the energy problem. Yours sincerely,  
PETER PARKER, Chairman,  
British Railways Board,  
222 Marylebone Road, NW1.

## The courteous gull

From Air Marshal Sir Leslie Mavor

Sir, Could not the answer to Mr Dawson's question (December 7) be that the seeming courtesy of the gull on the flagpole arises from the knowledge that he is in no position to argue? If he stands his ground, he fights from a precarious foothold, whilst if he takes off to contest possession he will be at an immediate and serious disadvantage in height and speed. So the sensible course is to make for another flagpole, knowing that if snatched, it will be surrendered with vacant possession. Yours faithfully,  
LESLIE MAVOR,  
Barlinton House,  
Aine, York.

## From Mr M. W. Pienkowski

Sir, It is perhaps a tribute to the advertising industry's ability to increase its own business that urban gulls now apparently see a need to employ agents to improve their corporate image while they themselves chase each other from perches. Yours sincerely,  
M. W. PIENKOWSKI,  
1 West Fenton Cottages,  
North Berwick,  
East Lothian.







# Opec rises urged to pay debt of Third World

President Perez of Venezuela opening the Opec conference yesterday

## Views of accountants sought on ethics code

ected by the proposed changes from one client or group of connected clients must not exceed 15 per cent of the total fees earned by a practice.

dangers of advising competent clients or clients in dispute and the stipulation that a practice where anybody

1976	1977	1976
998.4	\$3,504.0	\$3,235.4
753.8	2,562.9	2,284.4

85.0	292.1	261.1
34.9	179.3	111.1

873.7	2,984.3	2,656.6
124.7	519.7	578.8
21.0 (0.1)	64.5 (15.4)	57.1 (18.5)
20.9	49.1	38.6
103.8	470.6	540.2
27.3 13.1	179.8 36.5	196.0 25.5
40.4	216.3	221.5

<u>\$63.4</u>	<u>\$254.3</u>	<u>\$318.7</u>
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\$1.69	\$6.88	\$8.78
1.69	6.79	8.50



## Reforms urged in local housing grant terms

By Margaret Stone

The Building Societies Association is continuing to press for changes in the way local authority improvement grants are made.

In the latest issue of *Building Society Affairs*, published today, an article poses the question of "whether the grant system is working as effectively as it might".

The BSA's argument that improvements are needed in the system is based partly on the drop in the number of homes per annum on which grants have been allocated. From a peak of 258,000 (to private owners) the number has dropped sharply to 73,000 in 1976.

There are genuine reasons for some decline, but the BSA believes that the present system of financial support is "not achieving the right results".

The problems are threefold. The first is that the size of per-annum grants, required, is unlikely to be reflected fully in the increased value of the house after the modernization work has been accomplished. These

adverse economics might themselves be ignored, but the BSA says the system requiring repayment of the grant, plus compound interest if the house is sold within five years, is a major inhibiting factor.

The third difficulty relates to the actual allocation of the grant and is what the BSA describes as a "chicken and egg" problem. Basically, a building society will only advance money on an older property if it knows it is going to be made good; at the same time a local authority is prepared to offer an improvement grant only when it is assured that a building society loan is forthcoming.

Extensive discussions between the BSA, local authority associations and the Department of the Environment, have partially overcome these problems. The five-year rule can be waived provided the owner changed houses through necessity.

Secondly local authorities can issue a "promise" that a grant will be forthcoming if a building society loan is acquired.



The Malvern Correlator, an electronics measuring instrument employing laser beams, which is already achieving substantial domestic and export sales, has won the 1977 MacRobert Award for engineering innovation for the team of five which developed it. The five members (from left) are: Mr Stephen Trudgill, managing director of Malvern Instruments, and Dr Roy Pike, Mr Robin Jones, Dr Christopher Oliver and Dr Eric Jakeman, all four of them from the Royal Signals and Radar Establishment. The instrument is the result of a combined

effort by the research team from RSRE and Malvern Instruments, an electro optical company. The project was backed by the National Research Development Corporation which helped the team develop and manufacture of prototypes. Six international aircraft manufacturers, a wide range of major industrial companies and a number of research centres have already bought the correlator.

The award, made annually by the Council of Engineering Institutions (CEI), was presented yesterday by the Duke of Edinburgh, a former president of the CEI.

## US nuclear stake in Italy is reduced

From John Earle  
Rome, Dec 20

Westinghouse Electric Corporation of the United States, holder of a technology for pressurized water reactors (PWR), has drastically scaled down its involvement in the Italian nuclear power market.

After long negotiations with its partners, Breda Termomeccanica (of the state-owned IRI group) and Fiat Termomeccanica-Nucleare, agreement has been reached for it to reduce from a controlling 51 per cent to 10 per cent its holding in Sopran, a company responsible for designing nuclear plant according to its PWR technology. Fiat and Breda will share equally the controlling 85 per cent.

In Sopran, a company responsible for providing fuel for the existing PWR to Agip Nucleare of the state-owned ENI group, Agip Nucleare also intends to acquire a further 20.5 per cent from Breda, which will be left with 4 per cent. Fiat's existing 24.5 per cent holding will remain unchanged.

Under the new arrangements Westinghouse will continue to make available to its Italian partners its know-how in pressurized water reactors.

Direct involvement in the Italian nuclear market has become less attractive to foreign companies as a result of the inability of successive governments to draw up and enforce a clear nuclear power programme.

## Brussels will press for safeguards to investors in Third World mine projects

By Desmond Quigley

The European Commission is understood to have agreed in principle to press for the inclusion of mining ventures in the second Lomé Convention next summer.

If the Commission is successful in having mining ventures brought within the new convention, it would go some way to satisfying the desire of the European mining companies for some security of investment in less developed countries.

Incorporation of mining ventures in a new convention would mean that EEC countries and their companies would be prepared to put capital and expertise into mining projects under some sort of treaty

agreement with the host country, which would grant fair and equitable treatment to mining companies.

Thus, if the host country were to expropriate a mine or unilaterally and radically alter the terms of agreement—such as increasing the taxation level or taking a larger, unpaid for stake in the venture—negotiations would immediately take place between the European country concerned and the host government.

Any such agreement would be a backdrop for a more significant policy which the European mining companies are trying to win from the Commission in terms of political risk compensation.

Mining companies have been increasingly concerned at the propensity of governments to alter the terms of mining agreements once a mine has been brought into production.

Mining faces a particular hazard in that the lead time for bringing a mine to production is upward of five years. This long lead time, with the heavy capital expenditure involved, makes mining companies very vulnerable to any late changes in mining agreements.

The problem of government interference has been compounded by the weakness of most base metal prices over recent years and soaring capital costs which have made investment in mining ventures in under developed countries a less interesting proposition.

UNEMPLOYMENT

The following are the monthly figures for Great Britain

	Total	Seasonally adjusted	Adult	Seasonally adjusted
	000s	000s	000s	000s
1976				
Nov	1,316	1,279	58	5
Dec	1,310	1,286	55	2
Jan	1,365	1,278	55	149
Feb	1,365	1,280	54	156
Mar	1,335	1,280	54	107
Apr	1,335	1,282	54	108
May	1,335	1,282	54	108
Jun	1,335	1,282	54	108
Jul	1,335	1,282	54	108
Aug	1,335	1,282	54	108
Sep	1,335	1,282	54	108
Oct	1,335	1,282	54	108
Nov	1,335	1,282	54	108
Dec	1,335	1,282	54	108

Figures not available.  
\* Estimate.  
† Excluding school leavers.

REGIONAL UNEMPLOYMENT

The following are the monthly regional unemployment figures, seasonally adjusted, excluding school leavers:

	Number	Change on month	% of em- ployed
East	228,500	-3,800	4.3
East of England	24,000	-400	2.5
West	108,800	-1,300	6.7
West Midlands	122,900	-1,800	5.3
West of England	108,800	-1,300	6.7
Yorkshire/ Lancashire	117,300	-300	5.8
North	111,800	-1,100	7.2
North West	85,200	-1,100	6.2
North East	111,800	-1,100	7.2
Great Britain	1,310,900	-6,700	8.8
N Ireland	67,400	-400	16.5
Scotland	1,426,100	-4,800	6.8

## LETTERS TO THE EDITOR

### Why it is necessary to take a fresh look at state steel policies

From Mr H. B. Lloyd

Sir, From the BSC's annual accounts it appears that the corporation's prodigious capital expenditure policy is costing almost £300m per annum to finance. This figure is after various subsidies. Nevertheless, this policy is to continue. The expenditure of £836m at Port Talbot will provide an additional capacity of three million tonnes per year which at the corporation's high prices has a sales value of less than £600m per year.

What merchant bank would finance such a project? Can Sir Charles Villiers from his banking experience instance a single example of a profitable project where the value of the annual turnover is less than 75 per cent of the capital required?

The notion that such expenditure results in reductions in manning may be contrasted with the manpower required to complete the project. Such an expenditure will need about 200,000 man years for its execution: if the plant lasts 20 years this averages 10,000 men per annum. The Welsh division of the British Steel Corporation, of which Port Talbot is a part, employs 56,000 men.

Nearly all the financing costs that the corporation has to carry arise from its major development schemes and these show no signs of producing an adequate return; nor indeed are they likely to do so. Any very large project is inevitably founded in well proven techniques and these may or may not be the best available. The Anchor project is the last mill of its type that will ever be built and indeed is the only one to be built anywhere in the world during the last decade. The gigantic blast furnace to be built at Port Talbot may

well come into this category.

The United States, which produces more steel than any other country in the world, has not found it appropriate to build any of these gigantic furnaces, while Japan, which has reports in the technical press that production costs are higher than those of large furnaces.

It may well be that the whole of this three million tonnes per annum capacity will be surplus to requirements. No doubt the corporation will then insist on loading its new capacity by transferring orders from other works, in particular Shotton. Thus, will the viable Shotton operation be rendered uneconomic just as the viable Cardiff operation has been rendered uneconomic by the transfer of its order book to the Anchor Mill?

The corporation sets up more tonnes per man as its objective. The fallacy of this theory is well illustrated from its own operations. The table illustrates the low profitability of low grade operation and the higher profitability of high grade operations. These figures show that the adding of value to a product is a far more rewarding enterprise than seeking to produce large tonnage simple products.

While the corporation has sought investment in massive production, the private sector has sought to invest in schemes to produce improvement in the quality and range of its products. One may compare the GKN (South Wales) Ltd scheme at Cardiff with the Anchor scheme. Both produce billets: the former produces billets which are virtually free from internal defects and of good surface quality and can produce a wide range of analyses. The latter produces large tonnages of mild steel billets subject to all the defects associated with the ingot process. (Incidentally the capital cost per annum tonne on the Cardiff scheme was less than half that of the BSC scheme, a fact which has happened to the "economies of scale".)

The private sector's investment policies have been an important factor in enabling it to maintain its workforce almost intact despite the difficult times through which steel has been passing. I am one who believes that the skills and ability of those who work in an industry are its greatest asset. Yours faithfully,

H. B. LLOYD,  
Little Slaughterford,  
Furns Green,  
Friswell,  
Surrey.  
December 13.

	General steels division	Strip mills division	Special steels division	Tubes division
Liquid steel production, million tonnes per annum	8.76	6.80	3.51	0.75
Employees	73,600	64,700	37,200	35,200
Profit after depreciation and interest £m	11.2	12.3	36.9	10.5
Production, tonnes per man per annum	132	105	94	21.5
Profit per tonne £	1.15	1.81	10.5	14.0

Figures from BSC Annual Report 1974/5. Current figures are not available as the Corporation is now organized on a regional basis.

## Easing of scrap exports to stay

Arrangements for exports of ferrous scrap to countries outside the EEC are to remain unchanged for a further period, Interim arrangements first introduced on October 3 are to continue pending the conclusion of discussions on the licensing of exports to third countries.

The effect of the arrangement is to liberalize export controls on United Kingdom scrap processing companies. Faced with a steep cut in deliveries to the British Steel Corporation in the first three months of next year because of weak demand, the industry is expected to pursue export opportunities even more vigorously.

## Engineering inquiry team begins study on reforms

By Derek Harris

Professional engineers' organizations were warned yesterday that the government inquiry into the organization of the profession "cannot just come up with a consensus view".

The committee of inquiry, 17-strong in addition to its chairman, Sir Monty Plant, former chairman of British Steel, will draw up recommendations on a wide range of issues. Everybody may not like them, Sir Monty said.

He gave these warnings after the first meeting of the committee yesterday, at which Mr Varley, Secretary of State for Industry, who set up the inquiry, said it was widely accepted that radical change was needed in the way professional engineers were trained and educated.

Major issues for the committee, which hopes to produce its report by early 1979, are whether there should be statutory registration and licensing for professional engineers and whether there is a need for rethinking on qualification and education standards.

# The Woolwich



Sir Oliver Chesterton speaks of "striking a fair balance between investors and borrowers."

Addressing shareholders at the 130th Annual General Meeting of the Woolwich Equitable Building Society, the Chairman, Sir Oliver Chesterton, rejected recent criticisms that building societies do not adjust their interest rates frequently enough, or quickly enough. "This allegation ignores the very nature of our business" he said. "We have to strike a fair balance between the sometimes conflicting interests of our investors and borrowers. Our main objective is to maintain a supply of funds for house purchase."

"Our investors entrusted to us the considerable sum of £659m and their balances increased by a record £263m."

Net receipts from investors and capital repayments on existing mortgages enabled the Society to lend on mortgage the highest ever sum of £351m. At the year end, 30th September 1977, the Society's total assets at £1,772m were 19% greater than at the beginning of the year.

"The General Reserve at the year end stood at over £58m."

Given the way in which economic conditions can change so rapidly, Sir Oliver went on to say "this Reserve is a very reassuring item and materially contributes to the public's confidence in the Woolwich Society."

"It was an exceptional year of starkly contrasting conditions."

The Society's ability to cope with the sudden changes in money market conditions derives from its level of liquid assets, which at the year end totalled £327m or over 18% of total assets.

"We have had an excellent year and look forward to similar results in the current year."

The past year has shown how quickly the market can turn in building societies' favour, and how quickly it can turn against it. Commenting on the future of building societies, Sir Oliver referred to the Government's Housing Policy Review and its recognition that home ownership would not be so widely spread in this country without the financial mechanisms which building societies have provided. "The philosophy within the Review," he said, "is not at variance with our own and the Woolwich will continue to do its best to help as many people as possible to become owner-occupiers."

Copies of the Annual Accounts of the Society and the full text of Sir Oliver Chesterton's address, are available from the Secretary at the Society's Head Office.

## Business appointments

**Unilever coordinator Mr Durham made a vice-chairman**

Mr K. Durham, Unilever Limited coordinator for meat products and animal feeds, is to be a member of the special committee set up to investigate the succession to Mr S. G. Sweetman, who is retiring next year as vice-chairman. Mr M. O'Connell is also retiring. Mr J. A. Archer, Mr P. V. M. Egan and Mr J. Louden are to be nominated as directors of both Unilever Limited and NV at the annual meetings.

Mr S. Procter has been appointed chief executive of Williams & Glyn's Bank from February 1 in succession to Mr R. E. B. Lloyd. Mr Procter is now deputy chief executive. Mr Lloyd, who remains on the board of the bank as a non-executive director, is to become an executive deputy chairman of Hill Samuel.

Mr Patrick Macdonald will be joining Jardine Matheson as an executive director in the middle of 1978, with responsibility for group financial services. He was previously chief executive of Amex Bank in London and will be succeeded there by Mr J. Devlin.

Mr J. M. Pickard is to become chairman of Graham Warehouse in succession to Mr R. E. Orchard, who is retiring from that post and as a director. Mr Eric Rinas and Mr Barry Reed are to become non-executive directors.

Mr E. T. Haslam is retiring as deputy chairman and from the board.

Mr Geoffrey Tytheridge, Special Director of Foodstuffs, is resigning from May 31 and will be succeeded by Mr Peter Welch, group finance director of Unilever Foodstuffs.

Mr Michael Hoffman will become chairman and managing director of Perkins Engines Group on January 1. He takes over from Mr Peter Wright, who is retiring. Mr Hoffman will retain responsibility for the United Kingdom operations of Perkins and will also become corporate vice-president of the parent Massey-Ferguson company in Toronto.

Sir James Woodson, Mr R. Baker, Mr G. T. Coningham and Mr D. McDonald have been made directors of International Combustion (Holdings).

Mr G. J. Allen has been appointed an executive director of Imperial Industries from January 1.

Mr A. Hogg becomes deputy managing director of Firth Brown from January 1.

Mr N. M. Clark has been appointed managing director of Associated Lead, succeeding Dr R. Bell, who is resigning to take up a post with the parent Lead Industries Group.

Mr R. E. Dellow has been made a director of Britannia Trust Management.

Mr Paddy Ross has been made marketing director of Hill Samuel Life Assurance.

Mr John McQuiggin joins the United Kingdom South Africa Trade Association as director, designate on January 3 and will take up his appointment as director in April. He succeeds Air Commodore F. J. Rump, who is retiring.

Following the recent appointment of Mr R. D. N. Somerville, deputy chairman and joint managing director of Engineering Components, as chief executive of the construction materials division of Tarmac & Associated, Mr R. P. Druett, a managing director of British Industrial Plastics and chairman of its PVC division, has been appointed deputy chairman of Engineering Components from the same date. Mr P. M. Storey, a director of Engineering Components, becomes a joint managing director of that company. Mr D. G. Carruthers, deputy managing director of British Industrial Plastics and chairman of its sheet and film division and moulding division, will become a managing director of British Industrial Plastics.

As a result of the acquisition of Storey Brothers, the sheet and film division of British Industrial Plastics will be merged with Storey from January 1. Mr T. B. Pye, Storey managing director, will become deputy chairman and chief executive. Mr D. W. Bourne, director in charge of retail products division, and Mr R. Small, general manager, corporate planning, Turner & Newall, will become joint managing directors. Mr F. E. Butler, a non-executive director of Storey, will become executive; he ceases to be a director of British Industrial Plastics. Mr I. W. Shergold, commercial manager of the sheet and film division of BIP, will become a director of Storey.

Mr H. Weatherall is to be director and general manager of a newly-formed fabrication division of Balfour Beatty Power Construction. Mr J. V. Williams becomes a director and manager of Painter Brothers.

Mr Alan Campbell is to succeed Mr R. D. Macey as managing director of Acoustics and Environmental Services.

Mr Richard Schofield has been appointed chairman of Time Assurance in succession to the late Mr George Parfitt.

## MUIRHEAD LIMITED

### ACHIEVES RECORD TURNOVER AND PROFITS

£ Thousands	1977	1976
Sales	17,588	16,502
Pre-tax profits	1,586	1,445
Dividends	219	196
Profit retained	582	485
Net assets employed	11,200	9,520
Earnings per share	12.7 pence	11.8 pence
Net assets per share	£1.90	£1.61

Salient points from the statement by the Chairman, Sir Raymond Brown, OBE to be presented at the Annual General Meeting on 22 December 1977.

- Turnover of £17.6 million, 6.5% up on previous year and pre-tax profit of £1.6 million up 10.5%.
- The year presented difficulties, as predicted at the half year, but order books are at an all-time record and prospects are good.
- Major programme of re-equipment in progress and new product development continues to cost 10% of turnover.
- After property revaluation, net asset backing reaches £1.60 per share.
- Maximum permitted dividend recommended.

MUIRHEAD LIMITED  
BECKENHAM, KENT BR8 4BE



BY THE FINANCIAL EDITOR

# Exchange controls in the melting pot

Today or tomorrow there should be news as to how far the Government is prepared to go along with our EEC obligations and liberalise exchange controls. Given the plight of our balance of payments over the past few years, we have so far done precious little to liberalise outward capital movements into Europe. Even the concessions made on direct investment in 1972 had to be withdrawn again in 1974.

The assumption at this stage is that the main areas of discussion have been the "super-criteria" control over direct investment and the 25 per cent surrender rule on portfolio investment. When the "super-criteria" was relaxed in 1972 the expectations were appreciably greater than expected in the first flush of "Europeanism" and on hopes that the British property boom could be repeated on the continent. Neither of these factors are thought likely to be quite so visibly present if there were a relaxation in 1978.

As for portfolio investment, the very most one might expect would be removal of the 25 per cent surrender rule for investment in EEC securities—at least on the face of it. But to date the exchange control authorities have been highly reluctant to go along with such a two-tier system on policing grounds—eg how do you effectively control investment into international feeder funds operating, say, out of Luxembourg? If that is really a non-started, the decision has presumably to be all, nothing, or a promise of all at a none too distant future date.

## Distillers Getting near to real worth

Since Glenlivet agreed bid terms with Seagram last week, the shares of the other small distillers have been leaping ahead. After another strong day yesterday they are mostly 10 per cent or more up on last week's levels. As speculation hopes, never far from the surface in this industry, have risen. But in view of the generous offer on which Seagram is buying Glenlivet—510p a share compared to an initial offer of 440p—it is a moot point whether it is any longer realistic to anticipate more bids for whisky producers unless, like Teacher last year, internal finances come under strain.

On an historic basis, Glenlivet is being taken out at 25 times earnings, and the price is more than three times the published asset value of 160p a share. Admirably Glenlivet's name is second to none in the whisky industry. It is particularly strong in single malts, a sector of the whisky industry that is growing at around 25 per cent a year compared to more like 4 or 5 per cent for blends, so taking a long-term view its prospective earnings might justify a generous price now. But even allowing for these special factors, the message of the bid is that an unwanted predator will have to pay up to get control of any of the eight remaining quoted distillery companies. The question, in the light of the Glenlivet bid, is just how whisky companies should be valued.

Much depends on the company and its particular range. Just as Glenlivet arguably deserves a premium for its top-of-the-market reputation, Arthur Bell, a perennial bid candidate, might deserve a similar premium for the strength of its name in the blend market. In both cases this might imply a significant goodwill element, although some observers doubt that there is much goodwill in the Seagram bid for Glenlivet. Others, however, think goodwill could add up to as much as £1 a share.

But the starting point for a realistic bid valuation is clearly the replacement cost of assets and this bears little relationship to published balance sheet values. The real worth of maturing whisky stocks is in most cases likely to be around 1½ to 2 times book value—nearer two times in the case of those companies which are more dependent on older malts than younger blends. Estimates of the replacement value of distillery capacity vary. It is worth noting that the quality of output of a new distillery will be unknown for at least five years, but a rough rule of thumb is perhaps £3 a gallon of whisky. For perspective, Bell produced 22 million proof gallons of whisky in the first six months of this year.

The sums are difficult to do accurately, but adopting this basis Highland Distilleries could be worth a half or two thirds above its present share price, while Macallan, Glenlivet, Invergordon and Tomatin could all be worth close to twice their present market values. Bell's share price may not be far out of line with its real asset value, but a bidder would clearly have to pay more

than the present capitalization of £73m. The question remaining for those who see the whisky industry as ripe for further bids is who is going to pay such lofty prices.

## Lombro A changing picture

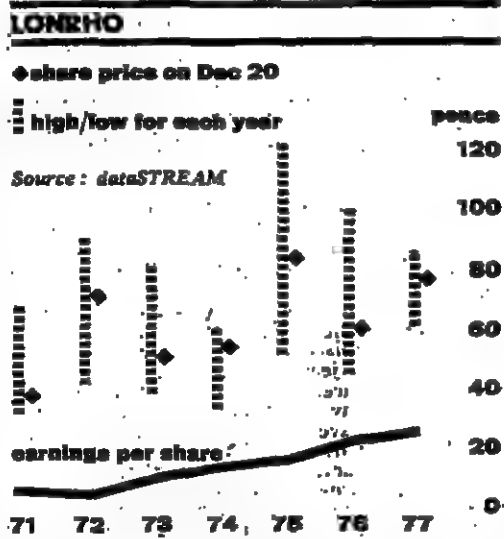
Lombro's preliminary figures are bound to cause some confusion. Pre-tax profits appear to have collapsed in the final quarter leaving full year profits at £82m, and lower than in 1975-76. But the point is the tax charge, which is sharply reduced, leaving earnings marginally ahead at 26.2p a share before dilution.

Above the tax line Lombro reckons that the sterling appreciation has cost £10m to £15m compared with the previous year, while sugar has suffered from the severe price downturn as have the platinum and copper interests.

The tax charge has dropped by £7m, Lombro taking advantage of stock relief provisions and changes in the treatment of deferred taxation treatment.

Increased interest charges, meanwhile, reflect the group's heavy United Kingdom acquisition policy, which has cost Lombro some £69m in the past year excluding the near 20 per cent stake in the House of Fraser at £41.2m which became effective after the end of the financial year.

Lombro's aim is to have one third of its assets in the United Kingdom even though some of its acquisitions are proving hard going. Dunford & Elliott has so far failed to live up to its forecast at the time of the bid battle of about £5m pre-tax. The short-fall is apparently some £3.5m, the steel company having only just about broken even in the second half.



Lombro's final dividend has yet to be declared but on the basis of the rights issue forecast the shares are yielding 12.7 per cent at 77p, up 1p yesterday. That speaks for itself, at least until the accounts come, and they hopefully will be more illuminating, given the radical changes which the group has pushed through during the past 12 months.

On the basis of interest rate and instalment credit volume trends, the Lloyds and Scottish one fifth rise in pre-tax profits to £17.4m before extraordinary looks, like Lombro North Central results a fortnight ago, a little on the low side. But Lombro is still working the bad debts incurred in 1973-74 out of its system while L and S never got mixed up there so the recovery potential is much less.

All the same there has been a quickening of pace in the second half but most of the increase has come from leasing—accounting for the bulk of the one third rise in associates to £4.4m—and the industrial and commercial interests whose contribution to profits is up to 45 per cent.

Despite a 46 per cent jump in turnover, with L and S apparently gaining market share, the key to a fairly uninspiring performance from instalment credit lies in the longer maturity of its deposits and the fact that around two fifths of industrial lending is on a variable rate, which means that lower interest rates take time to work through. The real issue now, however, is what sort of future a finance house can look forward to outside a clearing bank. The Bank of England is committed to part of the sector staying independent. But L and S is already having to turn away leasing business because it lacks the tax capacity to take on more business while borrowings, up to £332m or 5.6 times shareholders' funds, are rising steeply.

The next few days, which will wind up the Christmas shopping season, will determine whether retailers have been able to recover from the dismal start in the crucial final quarter of 1977.

The implications for the retail trade are serious, if there is no last-minute upturn. Most non-food traders rely heavily on profits made during these closing months of the year.

Department stores, for example, reckon to make as much as half the year's total profit during the last quarter. For more specialist retailers, such as confectioners, off-licences and toy shops, the proportion is even higher.

There has been an abnormally late start to the "season" in the non-food sector this year, with only four weeks' build-up instead of the usual six or even eight.

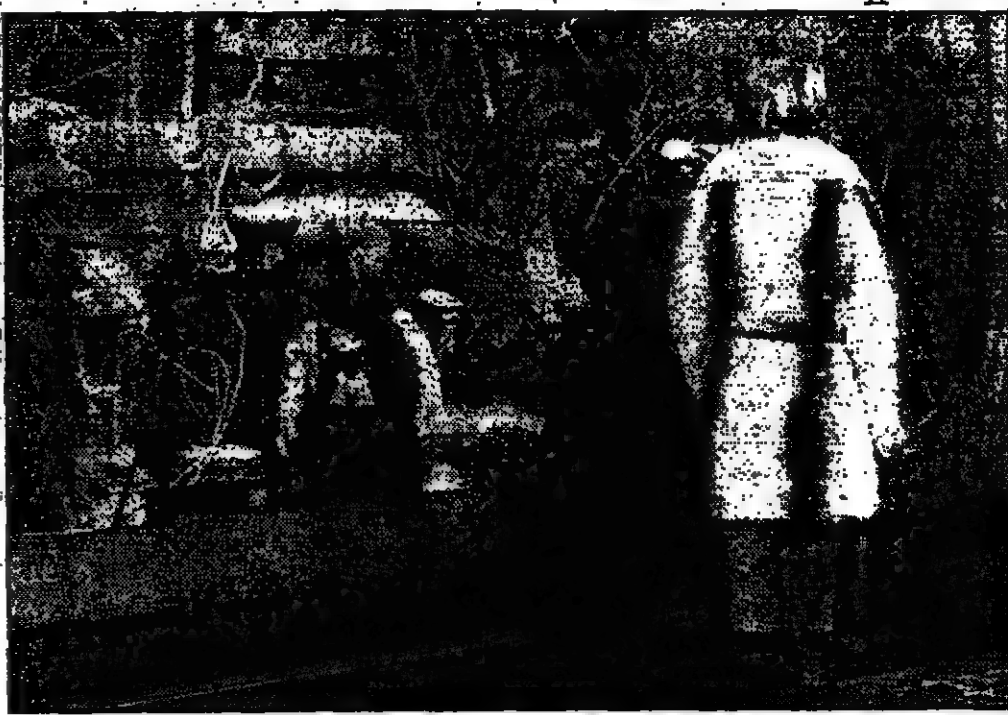
With such a tight timescale, every day's trade counts. There are hopes that the full trading week before the holiday, and particularly the final Saturday, will tip the scales sufficiently to balance a disappointing start to the quarter.

However, for some retailers, particularly in the fashion trade, the peak may have already passed. An indicator of this is the discounting of clothes mounted before Christmas by some of the boutique and couture houses.

This was unheard of a few years ago, because retailers rely on the Christmas buying rush for high profit margins as well as sales volume and traditionally reserve their price-cutting for January.

Stores in many non-residential areas expect to do little business after lunch-time on Friday. In Oxford Street, London, both the John Lewis Partnership and Selfridges department stores (apart from the food hall) will be closed all day on Saturday.

Lower pre-Christmas buying, together with the extra new year holiday, has pushed many other retailers into starting the January discounting earlier. This is a matter of delicate financial judgment for big stores whether the extra wage costs involved



Oxford Street, London, yesterday: shop windows retain their fascinations for gift-buyers and passers-by alike. But this year the "season" has started late for many retailers.

justly starting the sales immediately after the holiday. But for at least one department store, Wm. Whiteley, of Queensway in London, the January sale starts next Tuesday.

The earlier start to the clearance sales has in turn contributed to a depression in pre-Christmas buying of more expensive domestic appliances. This is a reversal of a tendency over the past three or four years when large numbers of non-seasonal merchandise, such as freezers, cookers, and particularly television sets (and even furniture) were sold.

Compared with last year when the trading figures were distorted by an early autumn buying boom because of a threat of higher value-added tax, the retailers' figures look very dismal.

The indications are that not only will the Christmas buying season have been shorter this

year but it will also have been less fruitful. The biggest uplift in sales, again a reversal of earlier years, has been in low-cost gift items and decorations.

Toys were mentioned by a number of retailers, including the Argos chain. John Lewis Partnership and Woolworths, as being in more demand than usual this year, but, since the rest of the year has been so poor, the gains here will do little more than clear existing retail stocks. They are unlikely to be translated into significantly higher orders from manufacturers for next year.

Drink sales seem to be doing well. Off-licences report that sherry and port sales in particular have reflected the pensioners' £10 bonus, but wines and especially spirits were also selling satisfactorily.

Much of the specifically seasonal sales appear to have arisen from the income tax re-

bate given in the October "mini-budget". This started filtering through to wage packets by the last Friday in November and retailers say that they noticed an immediate difference in the following day's takings.

The extra £20 to £35 was quickly exhausted for most people, however, and there are no signs that it was augmented by withdrawals from savings. The latest available figures for these show that flows into National Savings remained at a high level in the four weeks to November 25. The net amount of new money invested, at £121.4m, was almost five times the level recorded for the same period last year.

Rather than reduce their savings, more consumers who are buying more costly merchandise are using credit facilities. The Debenhams department store group, as well

as the specialist electrical goods chains, say they have noticed an increase in the proportion of credit sales. Credit cards—particularly Barclaycard, which reduced its interest rates last month—also report greater levels of use.

The fourth quarter undoubtedly got off to a poor start for retailers. Figures showing the volume of retail sales for October, issued by the Department of Trade, give an index for durable goods retailers (furniture, television and radio, and electrical and gas appliances), which is five points lower, at 124, than for the same month last year. Clothing and footwear and "other non-food shops", which include department stores and mail-order businesses, are also down.

While the October 1976 figures are distorted, making the comparison unfair, a general stagnation in retail trade across the board is, however, reflected in manufacturers' delivery figures. Statistics produced by the Association of Manufacturers of Domestic Electrical Appliances show, for example, little change, in terms of numbers for most products delivered during the 12 months ending in September.

The exceptions were electric storage radiators, down by 20 per cent on the previous 12 months, and tumble dryers, up by 66 per cent.

Washing machines, the biggest item on the domestic appliance shopping list and used as a barometer for the rest, show an increase by volume of only 1 per cent.

If the goods which will undoubtedly be sold, at whatever price, during the post-Christmas clearance sale are not replaced by retailers, the repercussions will reach back into the manufacturing pipeline. The effect could be to delay the long-awaited revival in consumer spending which some forecasters are now pushing back towards the second half of next year.

Alternatively it could create widespread shortages, if a sudden spending boom took place in the spring.

# W Germany reaffirms its faith in monetary targets

The West German Federal Bank will be able to look back at the end of this year on a three-year experiment in using a monetary growth target to achieve the twin goals of adequate economic expansion and the continuing stabilisation of price increases.

As the accompanying tables make clear, the experiment has hardly been a resounding success.

The growth targets for "central bank money" set for the years 1975, 1976 and 1977 have all been overshot. Moreover, the actual development of Germany's gross national product in these years has diverged appreciably from the assumptions made at the time of setting the targets in December, 1974, 1975, and 1976.

Notwithstanding this, the Federal Bank's council decided again last week to set a growth target for the coming year. For the third year running it decided that central bank money should rise on average by 8 per cent, compared with the previous year's level. For the second time it has backed up this target by giving what it regards as an acceptable range for a year-to-year increase in central bank money. The 8 per cent average target implies a rise in central bank money of between 5 and 7 per cent between the final quarter of 1977 and the last quarter of 1978.

Ever since the experiment began the nature of the target chosen has been the subject of controversy and dispute. Instead of selecting one of the standard definitions of money supply the Federal Bank defines its target in terms of central bank money, a concept that is complicated and peculiarly German. The definition used is: cash in circulation plus the minimum reserves deposited in non-interest bearing accounts at the central bank by the commercial banks in respect of their domestic liabilities. For the purpose of defining central bank money, the minimum reserve rates have been frozen at the level that prevailed at the beginning of 1974,

so that the aggregate reflects the rise and fall of money deposited in the banks.

The attraction of the central bank money definition for the Federal Bank is that it "weights" the money quality of the varying categories of bank deposits. The minimum reserve ratios are higher on sight deposits, that can be immediately turned into cash, than they are on time and savings deposits.

On the other hand the Federal Bank definition gives an extremely strong weighting to cash in circulation, compared with traditional monetary aggregates.

It was at the end of 1974 that the Federal Bank first ventured to use this complex, academic formula to impress upon the general public its monetary intentions for the following year.

The decision to "go public" with a monetary growth target followed a period of about 18 months in which the Federal Bank had had a high degree of success in steering the economy by means of monetary policy.

The floating of the mark against the dollar and most other currencies in March, 1973, freed the German central bank from its major obligation to intervene in other currencies on the foreign exchange market and encouraged it to believe that it could pursue a monetary policy shielded from external influences.

The initial policy stance was restrictive in order to curb inflation and what the bank saw as a monetary growth target at the end of 1974 was a simple one. The bank thought it best that all participants in the monetary system should have an idea of the monetary room for manoeuvre and that the unions and employers in particular should not fall into the trap of agreeing exaggerated wage increases in 1975.

Surprisingly, given the rather obscure nature of the exercise, the move was greeted with enthusiasm. It also appeared to bring a quick reward, in that the wage levels agreed in 1975 were significantly below those of the pre-

GROWTH OF CENTRAL BANK MONEY (percentages)			
Year	Target	Year-to-year	Average
1975	+8	+10	+7.9
1976	Under +8	+8.4	+8.2
1977	+8 to +7	+8.5 (estimate)	+8.2 (estimate)
1978	+8 to +7	+8	—

as an inflation mentality in West Germany. Thus as the trade unions at the beginning of 1974 pushed through wage increases of 11 per cent and more the bank clamped down on monetary growth, forcing interest rates to record levels and, incidentally, adding to the growth of unemployment by bringing on a wave of bankruptcies.

By the middle of 1974, as Germany's domestic economy was moving into recession, the Federal Bank started to ease its monetary stance.

In the course of the restrictive period it had ceased to treat the level of interest rates as the primary goal of monetary policy. Instead, the objective was to keep monetary expansion within fairly strict limits.

Although a quantitative goal was not stated for 1974, it was in the course of this period that central bank money caught the Federal Bank's attention as an indicator and potential monetary target.

The idea behind publicly stating a monetary growth target at the end of 1974 was a simple one. The bank thought it best that all participants in the monetary system should have an idea of the monetary room for manoeuvre and that the unions and employers in particular should not fall into the trap of agreeing exaggerated wage increases in 1975.

Surprisingly, given the rather obscure nature of the exercise, the move was greeted with enthusiasm. It also appeared to bring a quick reward, in that the wage levels agreed in 1975 were significantly below those of the pre-

vious year. Most settlements averaged 8 per cent and were not so far out of line with the forecast inflation rate of 6 per cent for that year.

This early apparent success probably helps to explain a certain element of disillusionment that has since crept into assessments of the "new monetary policy" as it has failed to live up to expectations.

The coincidence of an 8 per cent money growth target and 8 per cent wage settlements helped to create one big misunderstanding—in that in some quarters the impression arose that wages in a given year could rise by the same amount as the money growth target.

Perhaps more serious, the early apparent success with the concept of central bank money concealed some of the aggregate's rather wayward attributes. In picking its target, the Federal Bank assumed that the velocity of the circulation of money would not differ very much from the experience of previous years and that any distortions would work themselves out rapidly.

The velocity of money circulation is a cyclical phenomenon. In 1975, when Germany was in recession, the velocity of money slowed. Hence the central bank money target is an interim goal or a device to keep the target on track when the velocity of money circulation is slow.

Again, in the second half of 1976, when there was a rapid increase in central bank money resulting from currency inflows and increased bank lending to the finance investment and stock building, there was also a slowdown in the velocity of circulation.

The experiences with the velocity of money circulation recently led Dr Oskar Emminger, president of the Federal Bank, to suggest that in

recent years there has probably been a permanent change in the West Germans' attitude to money, with an increased preference for liquidity upsetting the old assumptions on the speed with which money circulates in the economy.

The Federal Bank has always been able to explain why the central bank money target has been overblown in any given year and, if the aggregate were more purely internal purposes, the overshooting would probably not matter so greatly. But the publicizing of the monetary growth target has come to play a part in German economic policy making, and here the overshooting takes on a rather different aspect.

A businessman or trade union leader, when faced with a money target, is being asked to worry about the complexities of the central bank money concept or the vagaries of the velocity of the circulation of money.

If the monetary growth target is to be taken seriously, it must be seen to have relevance to economic circumstances and be adhered to by its author. Talking the new three-year target, the Federal Bank, which sees the announcement of the monetary growth target as a valuable disciplinary control on economic attitudes, would seem to be running the risk of undermining the credibility of the instrument.

It is probably no coincidence that in recent remarks Federal Bank officials have been saying greater stress is being placed on the pragmatic side of the monetary policy and going out of their way to underline that the central bank money target is an interim goal or a device to keep the target on track when the velocity of money circulation is slow.

At first you don't succeed, try, try and try again might be an apt motto for an individual coping with the problems of daily life. But the Federal Bank is having to learn that an official body that sets public targets that it cannot meet—no matter how justified the reasons—runs the risk of losing credibility, and so jeopardising its entire policy.

Peter Norman

## Business Diary: BL's Horrocks • Morgan and BR

It is still less than two months since Michael Edwards left Chloride to become British Leyland's new full-time chairman and already he has headhunted a top executive for his team. He is Ray Horrocks, 47, former head of Eaton's materials handling operations in Europe and the Middle East.

Before he joined the American-owned axles to forklift truck group Horrocks was with Ford UK for 10 years. At one time he ran Ford's advanced vehicles plant, which produced the Mexico competition model.

Soon after he moved to Eaton the worldwide materials handling market ran into its biggest ever recession. Colleagues at Eaton's Roushlow headquarters joked that he arrived in time to wind it up.

But such was the energy he displayed in reorganising the sorry mess that within two years he was attracting the attention of his chiefs in far-away Cleveland and those same colleagues were forecasting a dazzling career. His reputation reached outside Eaton and he received frequent approaches to do the same sort of turnaround job for other companies.

But a mystery surrounds his new post at British Leyland. Inquiries at the group's London headquarters elicit only that he is directly answerable to Edwards and "clearly destined

for a senior appointment to be spelt out at a later stage". This evasiveness leads to speculation within the company that Horrocks could be the first of two executive vice-chairmen. Edwards is known to be recruiting from outside to form a second tier triumvirate with David Andrews, recently promoted to succeed the departing Alex Park as an executive vice-chairman.

Whatever the truth of that, Horrocks's importance in Edwards's plans has already been underlined by his appointment to the seven-strong team of senior executives, now investigating Leyland Cars and its other divisions and recommending changes in its organization.

"There has to be a desk somewhere where the buck stops," says John Morgan, who, as announced yesterday, will be the first incumbent of the newly created post of "general manager, pension fund" for British Leyland and takes up his new appointment early next year.

Morgan, former Williams & Glyn's director of finance and investment before moving into investment management at Rothschild's 18 months ago, is no stranger to pension fund management. He is very acutely aware of the problems facing Peter Lawson among others—those of state pension funds

and, even more specifically, the £478m British Rail pension fund.

He is a fan of trade union participation in both fund administration and management. Shop-floor participation, in his view, is not only "a great help" to the managers but is of importance to the members, too.

Hill Samuel and S. G. Warburg, merchant bankers to parts of British Rail (that is what they call it in the City), will welcome Morgan's appointment. All too often they have been criticised for controversial investment decisions—paintings and investment trusts bids—with which they were not concerned. From now on Morgan will be in the firing line.

As a modest art collector himself, he is open-minded about British Rail's foray into the world of art. The pension fund now owns about £11m worth of paintings.

The role of none-income bearing assets in a pension fund has always been open to question. As Morgan says, "the case has to be made". Whatever his ultimate verdict about the suitability of this form of investment, he is at least reasonably confident that his own small collection of modern British painters—Tom Ivens, Hitchens, Roger Hilton and Peter Lanyon among others—will not represent a conflict of interest.



Rothschild's John Morgan in London yesterday: the art of pension fund management.

John Methven, the director-general, and Lord Watkinson, the retiring president of the Confederation of British Industry, are I hear, as pleased with the choice as was between Brighton, the Wembley Conference Centre in London and Blackpool.

Blackpool proved to be a little far north for CBI tastes and Wembley a little too near head offices for many delegates to drop out for a couple of days. The conference will again be a two and a half day affair and will again be built around a



Photograph: John Manolis

policy document. Next time, however, the CBI managers will eschew discussion of vague general notions in favour of a livelier debate of detailed and contentious points, giving CBI dissenters more of a chance.

Incidentally, coverage of last month's conference in the newspapers and on radio and television is being followed by a surge in CBI membership. This in turn is likely to add fresh fuel to an old CBI controversy—whether to stay in the present headquarters in Tophill Street, Westminster, or to acquire purpose-built premises, as for instance on a Crown Estates site in nearby Finsbury.

David Abell, managing director of Leyland Special Products (that is the profitable, non-automotive subsidiary of the state-owned motor group) is pushing his products with a Christmas card devoted to "A Special Christmas Carol". Recipients are instructed to sing it "in a lively voice to traditional music". On the 12th day of Christmas, Special Products sold to me—12 dump trucks dumping 10 compressors freeing 10 lift-trucks lifting, nine tanks all firing, eight gears changing seven presses grinding, six tractors crawling, five quarry plants, four road rollers, three heat exchangers, two seed drills, altogether in one big family tree.

## YORKSHIRE & LANCASHIRE INVESTMENT TRUST LIMITED

Highlights of the Annual Statement made by the Chairman, Mr Cecil C. Taylor, F.C.A.

- The revenue after interest payable of £95,401 for the year ended 30th September, 1977, compares with £79,032 for the previous year. The increase is due to higher rates of dividends being paid on the Company's investments, and a reduction of £7,455 in the bank interest payable due to lower interest rates on a lower average amount outstanding during the year.
- A final dividend of 0.95p per share is recommended which makes the total for the year 1.35p per share. With the related tax credit this is equal to 2.045p per share gross compared with 1.692p per share gross last year, an increase of 21%.
- The substantial rise in prices on The Stock Exchange has resulted in an increase of £495,199 in the capital reserves and has lifted the net asset value per share by 57% from 21.9p to 34.3p.
- Until the general level of wage settlements is determined share prices are likely to prove volatile. However, the improvement in the value of sterling, if it can be maintained, will reduce inflation thus benefiting the United Kingdom economy. The recent tax reductions of consumer industries and the position of the economy in time reduce unemployment. Consequently on a medium-term view the outlook for the United Kingdom is favourable.
- While seeking to protect shareholders capital against the ravages of inflation, investment policy will continue to place emphasis on increasing income which it is expected will provide a further increase in dividend for the current year.



FINANCIAL NEWS AND MARKET REPORTS

Barratt Developments makes £3m bid for James Harrison

By Alison Mitchell  
Barratt Developments has made an agreed £3.1m bid for Edinburgh house builder James Harrison Holdings.

The Newcastle-based group is offering six ordinary shares for every 11 Harrison shares, valuing the Harrison shares at 60p against a market price of 54p, up 4p on the news. There is also a cash alternative of 53p, available for the first 21 days of the offer.

The directors of Harrison are advising shareholders to accept the offer and have already agreed to the terms for 77.2 per cent of the equity. Honorary president Mr James Harrison, who now lives in the Isle of Man, has a 77.4 per cent stake in the group.

Mr John Cassidy, deputy chairman of Barratt, describes the deal as a logical expansion

of the group's activities in Scotland.

The takeover of Harrison will increase the Barratt land bank, extend existing contracting work, already strong in the North of Scotland into the central belt and give them an office block in the centre of Edinburgh. This currently has an annual rental income of £52,000 but is due for a major review in February 1978.

However, the City was not so sure of the advantages of the deal yesterday and in a sector which saw most shares firm a few pence, Barratt eased 1p to close at 110p.

Barratt is due to start a subsidiary in Edinburgh in the new year and the £50-pot Harrison land bank will slot into these plans. The land was valued in the last accounts at

£661,000 and Mr Cassidy agrees that the current rating is "not materially different".

Already strong in Scotland, Barratt operates two house building subsidiaries, in Falkirk and Aberdeen. Over the past couple of years it has been expanding its contracting side in Aberdeen and current orders are at record levels.

The group is now hoping to expand the Harrison contracting work into a similarly thriving area in central belt.

In the six months to June 30 last, Harrison made a pre-tax profit of £536,000 against a previous £379,000 on turnover which slipped from £2.6m to £2.2m. At December 31 last the net tangible assets of Harrison, including the revaluation of fixed assets, amounted to around £3.25m.

Petbow now gets fillip from home sector

By Bryan Appleyard  
Petbow Holdings, maker of welding and generating sets, is still being powered along by its overseas sales in spite of pressure on export margins.

In the six months to September 30 turnover rose by 28 per cent from £7.3m to £10m and pre-tax profits by 12 per cent from £1.3m to £1.44m. Export sales rose by 40 per cent from £5.1m to £8.5m.

Petbow is still benefiting from the cash flowing into the OPEC countries ever since the major rises in oil prices. Countries like Nigeria, Saudi Arabia and Iraq have all turned to the company for the small generators in the absence of a sophisticated grid system.

However, Mr James Bird, chairman, now believes the proportion of total sales taken by exports has reached a peak because of signs of a pick-up in the United Kingdom market.

This has been largely because of the November blackout that inspired many companies to order stand-by generators. Petbow's marketing effort is now concentrating on persuading companies in the developed countries of the necessity of emergency generators.

Export prospects have been pressured by the rise in the pound, a factor that has been emphasised in recent days. But Mr Bird says the company is striving to keep costs down in a bid to stay competitive.

Wage settlements in the group have been within the prevailing Government guidelines.

Overall Mr Bird expects second-half performance to outstrip the £1.5m made in the second-half last year. The interim dividend is 4.54p gross and the total dividends for the year are expected to be 13.03p, the maximum permitted.

Stock markets

Strong demand in first two hours

With sterling continuing to perform strongly and the municipal workers' pay settlement seen as a significant victory for a brief respite to the equity market.

Though most of the business was transacted in the first couple of hours it was good enough in a market short of stock to put the FT Index 9.4 ahead by midday, the first time prices have gained ground in several sessions.

Dealers commented that for a brief spell demand was very good but that in the present state of the market any sort of buying activity was bound to have a disproportionate effect. Fund managers, it seems, are still not interested in any serious commitment to equities, a fact well illustrated

to 203p, after touching 200p on the news of a stake changing hands.

Demand in a thin market lifted an old speculative favourite, Newarthill, 15p to 167p and Joseph Stocks rose 10p to 150p after a mention here.

Distillers continued to move ahead on industry rationalization hopes, with Arthur Bell 4p to 220p and Highland 4p to 128p again featuring. Edinburgh housebuilder James Harrison closed 4p to the good at 54p after touching 58p on terms from Barratt developments.

Early in the day BSR continued to suffer from adverse comment but later rallied to end half a point better at 95p. Two to benefit from comment were Nigley, up 7p to 219p, and Associated Engineering, where a broker's circular helped with a rise of 4p to 123p. In spite of the threat of possible redundancies

Smiths Industries went with the market to finish 6p firmer at 159p.

Roads saw strong performance from Rowntree Mackintosh up 9p to 414p, Associated Dairies 8p to 248p, Sainsbury 5p to 195p and, after a profits recovery forecast, FMC, which ended 1p better at 73p.

A "bear" squeeze lifted Thorn 16p to 372p while there were also double-figure gains from other big names like Metal Box 14p to 300p, Glaxo 10p to 585p and Tube Investments 10p to 356p. Others well supported included GKN 6p to 273p and Beecham 5p to 67p.

In the building sector A. Monk rose 5p to 79p after its profit statement. Marlex continued to benefit from last week's figures, rising another 3p to 84p.

The clearing banks were in good form with 10p gains from Barclays at 333p, Lloyds 283p, Midland 383p and National

Westminster at 283p. After figures Lloyds & Scottish ended 2p better at 109p.

Equity turnover on December 19 was 546.23m (9,313 bargains).

Oil dealers are puzzling over the destination of the 1.2m ordinary shares in Lasso which National Carbons sold through the market early last month. Normal institutional sources are reported not to have seen the shares, leading weight to the theory that they were taken by one buyer. The company was not able to confirm or deny this last night. The shares traded at 50p.

Active stocks yesterday, according to Exchange Telegraph, were Shell, BAT Dtd, GEC, Gus "A", Reed International, Thorn, BP, Glaxo, A. Bell, BSR, M. Tussauds and Caravans International.

Montague L. Meyer's £15m loan

By Michael Prest  
Montague L. Meyer, the timber distribution group, has raised a £15m, seven-year loan to refinance on more favourable terms some of its previous bank borrowings. The loan was arranged and syndicated by Hambros Bank.

At the end of the last financial year in March 1977 Meyer had short-term bank borrowings of £30.7m, up from £12.4m the year before. Mr C. A. P. Mallert, the company's finance director, said that he was "very satisfied with the rates" on the loan and that it would lengthen some of the existing debt.

Total borrowings in March last were £43m, while shareholders' funds were £60m. Three years ago Meyer raised a £10m loan, of which £1.5m was recently repaid and another £500,000 is due for repayment next month. Mr Mallert said that Meyer had been considering the latest move for about three months.

Meyer's profits for the year to end-March 1977 were £14.3m, on a turnover of £222m. Interim figures up to end-September show profits of £7.47m, slightly above on the same period last year.

Outcome of Brussels talks vital for FMC

By Richard Allen  
FMC's interim pre-tax loss of £42,000 is a good deal less than some pessimistic forecasts. And with the group predicting a return to profitability by the end of the year, the shares improved 1p yesterday to 73p.

This is still a long way short of the 115p or so achieved at the time of the abortive Borthwick takeover attempt last March—and the stock market has come up a good way since then. So the few remaining outside shareholders, now that the NFU has 73 per cent of the equity, can rightly rue a missed opportunity for divestment.

Despite efficiency improvements and some recovery in by-products' markets, FMC's performance next year rests solidly on what sort of deal British

negotiators are able to wrest from the Brussels Commission on the thorny issues of the green pound and MCA subsidies.

On this score the omens are not good. Meanwhile FMC's statement yesterday about "commercial considerations" is hardly a convincing argument that the group has come to terms with its unique position as an independently profit-oriented group but controlled indirectly by its suppliers.

FMC's main counter to recent suggestions by renegade director, Mr "Bill" Newton-Clarke, that the group is moving towards being a "farmers' co-operative" seems to be that "ultimately it has a common interest with them in expanding the supply of British produce to the British market".

Change Wares in £1m deal

Change Wares, the wire-mesh and wire-based products group, expects a turnaround of £1.02m into a pre-tax profit of not less than £450,000 for the 17 months to December 31, 1978. Total dividends of not less than 0.50p gross are also forecast.

This will include a contribution of not less than £200,000 from H. Stockwell, a private family-controlled steel stockholding company based at

Slimmed-down sales knocks Polly Peck into the red

By Our Financial Staff  
Ladies' clothing manufacturer and distributor Polly Peck (Holdings), which was previously troubled by the 1974-75 property slump has slipped into the red again.

In the six months to September 19 the group turned in a pre-tax loss of £25,000 against a previous profit of £50,000 on sales down 14 per cent to £655,000.

And the problem area this time has been the fashion side. The short fall in incomes has left consumers buying fewer clothes, particularly in London. Mr Raymond Zeiler, PP chairman, admitted yesterday that the slight upturn in sales at provincial outlets has not been

evident in the main London stores in which PP products are sold. But with 70 per cent of sales coming outside London, this improvement could be reflected in second-half figures.

Earlier this year the group cut back on premises and labour in an attempt to contain costs and Mr Zeiler is hopeful that PP will be trading profitably by the year end. Reasonable orders for the spring and summer have been obtained.

A new financial arrangement has been agreed to enable the group to live off the property side completely and provide sufficient working capital for the fashion division.

National Westminster, the group's bankers, have agreed

to accept an undisclosed sum to pay off the liabilities of the fashion side and this increases the net assets of the division by around £150,000 to a total of £50,000.

Another bank has offered the group a facility to finance the fashion division's working capital and this will be secured by fixed and floating charges over the assets.

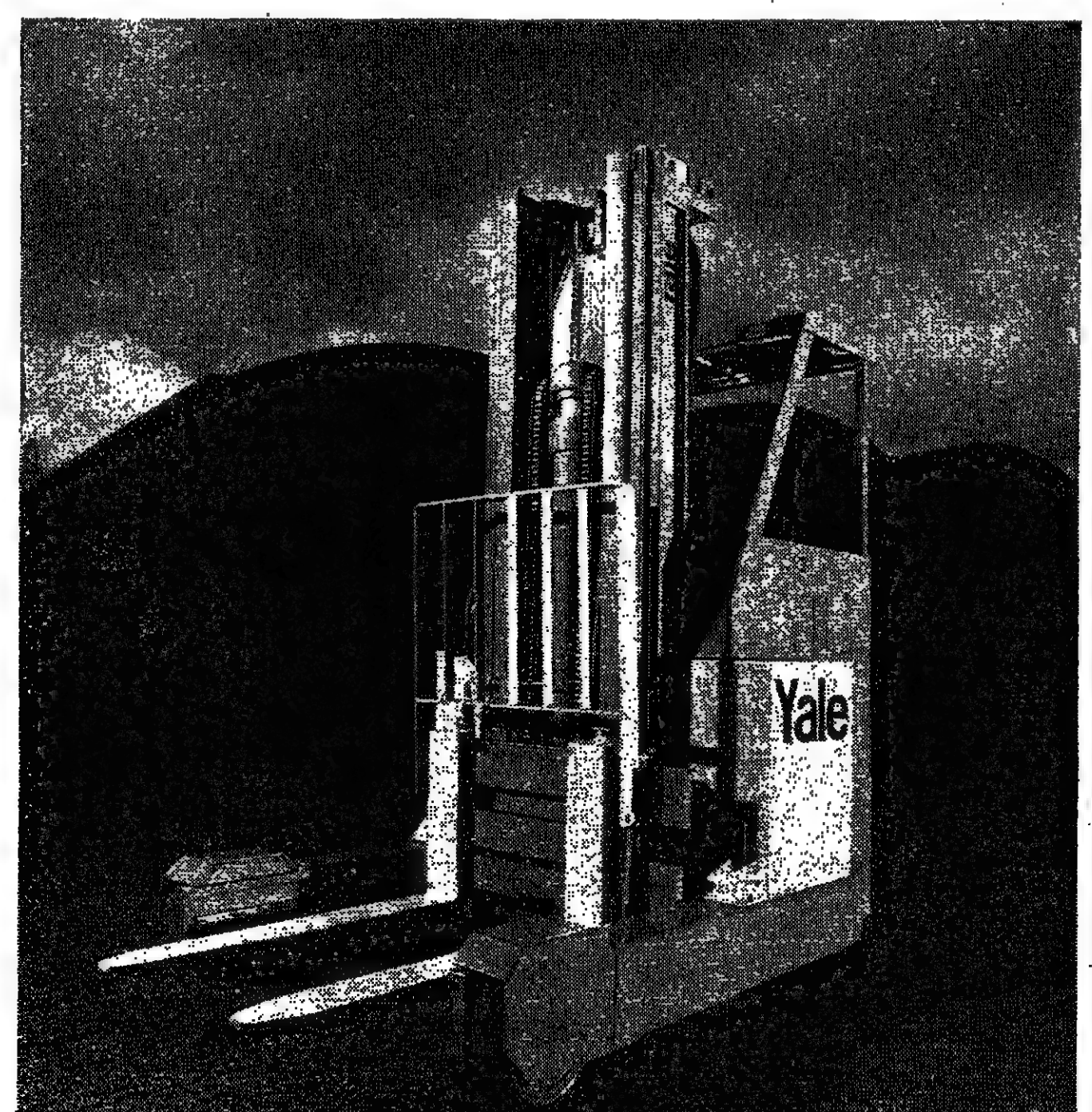
These arrangements cancel the direct indebtedness of the fashion division to Nat West, releasing the group from the remaining liabilities of the property side and establish a new working capital facility with another bank.

The shares were unchanged at 75p yesterday.

Briefly  
Counter-bid for Wintour by directors

A counter-offer for the Windsor-based motor group Wintour Holdings has been mounted by Stalkist, a public company bought up by its six directors for the purpose. Five of its directors are on the Wintour board. Stalkist has been given irrevocable undertakings to accept a stake of 17.17 per cent of Wintour's equity.

The move follows an offer from A. A. Clark, also of Windsor, of 90p cash a share. Stalkist is offering either 92p cash, or one of its shares or an amount of loan stock for each Wintour share.



We've spent far more on it than you ever will.

Industrial trucks don't come cheap. But once you've written out the cheque, you don't expect to go on paying indefinitely. With our trucks you won't. Because we've spent a lot of money making sure our trucks last.

We've invested a lot of money in research and development. A lot of time too. But that's what has earned us a reputation for quality. Quality that is reflected throughout our comprehensive range of Yale industrial trucks. From sit-down rider pallet-trucks, diesel-powered lift trucks and narrow-aisle reach-trucks to electric rider trucks. All backed by a strong UK dealer network that provides the finest after-market lift truck sales, rental, parts and service programmes.

The truck above is one of our latest range of narrow-aisle reach-trucks which all incorporate as standard many features normally offered as extras.

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Eaton Limited, Materials Handling Division, Waddensbrook Lane, Wednesfield, Wolverhampton WV11 3SW. Tel: Willenhall (0902) 66955.

**EATON** Materials Handling

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Warning of setback hits Spear & Jackson shares

Shares of Spear and Jackson dropped 6p to 152p yesterday on a warning from the board that profits for the full year to January 1 are now unlikely to exceed the £1.41m made last year.

In September the board of this Sheffield-based agricultural, garden and building tool group said that progress in the first half had been up to expectations and that profits for the full year were expected to "materially exceed the 1976 total". Now Mr Stephen de Bartolome, the chairman, says that the level of activity in the United Kingdom has not come up to expectations.

Meanwhile Messrs G. R. Simpson and I. R. Pittman, Mr Thomas G. Waterlow, Messrs Burnett-Stuart and D. W. N. Landale have resigned from the board and four representatives of NCBPF, Messrs P. B. Harrison, H. R. Jenkins, G. C. Sheppard and D. J. Prosser have become directors. Mr M. Campbell Penney and Mr J. W. Blair have agreed to remain on the board of BIT to provide continuity for the minority shareholders.

Yearling bond coupon down once again

This week the interest rate on local authority bonds is down one eighth to 7 1/8 per cent. Only two authorities, Barnet and Greenwich, are raising £1m at the present rate but there are many more bonds for smaller amounts. Among the variable rate bonds the biggest is the £1m, 1981, bond from Bolton. Another variable is favoured by East Devon to raise £500,000.

BIT to continue in its present form

The board of British Investment Trust has been informed by NCBPF that BIT will continue in its present form for the time being and that its policy will be designed to benefit all shareholders alike. Should any change in the form of BIT be considered in the future, the interests of all shareholders' into account.

Meanwhile Messrs G. R. Simpson and I. R. Pittman, Mr Thomas G. Waterlow, Messrs Burnett-Stuart and D. W. N. Landale have resigned from the board and four representatives of NCBPF, Messrs P. B. Harrison, H. R. Jenkins, G. C. Sheppard and D. J. Prosser have become directors. Mr M. Campbell Penney and Mr J. W. Blair have agreed to remain on the board of BIT to provide continuity for the minority shareholders.

Warning on current year at Blumel

Production at the Wolston factory of Blumel Bros was halted by an unofficial dispute for two weeks in October and the loss of turnover may have some effect on the results in the first six months of the current year. On the other hand demand for the group's products continues at a very high level and unless there are further interruptions in production the company should again enjoy a successful year. In the last full year to October 1, the group made a pre-tax profit of £375,000 against £279,000.

Foreign Exchange

The dollar staged a late rally on foreign exchange yesterday afternoon, but still closed lower against the majority of currencies. Sterling slipped around 2 cents against the dollar during the morning, but profit-taking developed over the last hour or so to reduce the gain on the day to 70 points at \$1.805. The effective exchange rate index finished up 0.4 at 64.5, having touched 64.6 at midday.

The Bundesbank and Swiss National Bank gave some support to the dollar as it tumbled to new lows. The Japanese yen firmed from 240.80 to 240.75 in dollar terms.

Gold lost \$0.75 to close in London at \$159.625.

Spot Position of Sterling

Market	Rate	Market	Rate
New York	152.10-152.20	London	152.10-152.20
Frankfurt	152.10-152.20	Paris	152.10-152.20
Amsterdam	152.10-152.20	Brussels	152.10-152.20
Geneva	152.10-152.20	Basle	152.10-152.20
Zurich	152.10-152.20	Vienna	152.10-152.20
Bombay	152.10-152.20	Calcutta	152.10-152.20
Rangoon	152.10-152.20	Singapore	152.10-152.20
Colombo	152.10-152.20	Madras	152.10-152.20
Delhi	152.10-152.20	Hyderabad	152.10-152.20
Bangalore	152.10-152.20	Chennai	152.10-152.20
Coimbatore	152.10-152.20	Mumbai	152.10-152.20
Pune	152.10-152.20	Thane	152.10-152.20
Surat	152.10-152.20	Vadodra	152.10-152.20
Udaipur	152.10-152.20	Jaipur	152.10-152.20
Jodhpur	152.10-152.20	Bikaner	152.10-152.20
Ludhiana	152.10-152.20	Amritsar	152.10-152.20
Patna	152.10-152.20	Varanasi	152.10-152.20
Allahabad	152.10-152.20	Meerut	152.10-152.20
Delhi	152.10-152.20	Faridkot	152.10-152.20
Bathinda	152.10-152.20	Moga	152.10-152.20
Faridkot	152.10-152.20	Moga	152.10-152.20
Faridkot	152.10-152.20	Moga	152.10-152.20

Forward Levels

Month	Rate	Month	Rate
1 month	152.10-152.20	12 months	152.10-152.20
3 months	152.10-152.20	15 months	152.10-152.20
6 months	152.10-152.20	18 months	152.10-152.20
9 months	152.10-152.20	21 months	152.10-152.20
12 months	152.10-152.20	24 months	152.10-152.20
15 months	152.10-152.20	27 months	152.10-152.20
18 months	152.10-152.20	30 months	152.10-152.20
21 months	152.10-152.20	33 months	152.10-152.20
24 months	152.10-152.20	36 months	152.10-152.20
27 months	152.10-152.20	39 months	152.10-152.20
30 months	152.10-152.20	42 months	152.10-152.20
33 months	152.10-152.20	45 months	152.10-152.20
36 months	152.10-152.20	48 months	152.10-152.20
39 months	152.10-152.20	51 months	152.10-152.20
42 months	152.10-152.20	54 months	152.10-152.20
45 months	152.10-152.20	57 months	152.10-152.20
48 months	152.10-152.20	60 months	152.10-152.20

Gold

Gold prices were steady in London yesterday, with the 1000 ounce bar at \$159.625.

Discount market

Discount houses came up against a substantial shortage of fresh funds yesterday and the Bank of England found it necessary to come to their relief with assistance on an exceptionally large scale. The authorities bought a large quantity of treasury bills and a small amount of local authority bills directly from the banks and in addition lent a very large sum for technical reasons overnight to four or five houses at 6 per cent.

For much of the session, money was very tight. From initial 7 per cent-6 1/2 per cent, it quickly firmed to be well bid at 7 per cent, and there was no real change in the picture until very late in the day. Then, after it was seen that the help from the Bank had clearly been more than enough, rates came off to allow banks to be closed over a band of 4 per cent to 6 per cent.

Bill dealers reported only modest activity, during which both Treasury bills and bank bills looked a shade easier for a spell.

Money Market Rates

Instrument	Rate
Bank of England Treasury Bill (3 months)	6.00%
Bank of England Treasury Bill (6 months)	6.00%
Bank of England Treasury Bill (12 months)	6.00%
Bank of England Treasury Bill (18 months)	6.00%
Bank of England Treasury Bill (24 months)	6.00%
Bank of England Treasury Bill (30 months)	6.00%
Bank of England Treasury Bill (36 months)	6.00%
Bank of England Treasury Bill (42 months)	6.00%
Bank of England Treasury Bill (48 months)	6.00%
Bank of England Treasury Bill (54 months)	6.00%
Bank of England Treasury Bill (60 months)	6.00%
Bank of England Treasury Bill (66 months)	6.00%
Bank of England Treasury Bill (72 months)	6.00%
Bank of England Treasury Bill (78 months)	6.00%
Bank of England Treasury Bill (84 months)	6.00%
Bank of England Treasury Bill (90 months)	6.00%
Bank of England Treasury Bill (96 months)	6.00%
Bank of England Treasury Bill (102 months)	6.00%
Bank of England Treasury Bill (108 months)	6.00%
Bank of England Treasury Bill (114 months)	6.00%
Bank of England Treasury Bill (120 months)	6.00%
Bank of England Treasury Bill (126 months)	6.00%
Bank of England Treasury Bill (132 months)	6.00%
Bank of England Treasury Bill (138 months)	6.00%
Bank of England Treasury Bill (144 months)	6.00%
Bank of England Treasury Bill (150 months)	6.00%
Bank of England Treasury Bill (156 months)	6.00%
Bank of England Treasury Bill (162 months)	6.00%
Bank of England Treasury Bill (168 months)	6.00%
Bank of England Treasury Bill (174 months)	6.00%
Bank of England Treasury Bill (180 months)	6.00%
Bank of England Treasury Bill (186 months)	6.00%
Bank of England Treasury Bill (192 months)	6.00%
Bank of England Treasury Bill (198 months)	6.00%
Bank of England Treasury Bill (204 months)	6.00%
Bank of England Treasury Bill (210 months)	6.00%
Bank of England Treasury Bill (216 months)	6.00%
Bank of England Treasury Bill (222 months)	6.00%
Bank of England Treasury Bill (228 months)	6.00%
Bank of England Treasury Bill (234 months)	6.00%
Bank of England Treasury Bill (240 months)	6.00%
Bank of England Treasury Bill (246 months)	6.00%
Bank of England Treasury Bill (252 months)	6.00%
Bank of England Treasury Bill (258 months)	6.00%
Bank of England Treasury Bill (264 months)	6.00%
Bank of England Treasury Bill (270 months)	6.00%
Bank of England Treasury Bill (276 months)	6.00%
Bank of England Treasury Bill (282 months)	6.00%
Bank of England Treasury Bill (288 months)	6.00%
Bank of England Treasury Bill (294 months)	6.00%
Bank of England Treasury Bill (300 months)	6.00%

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## MARKET REPORTS

### Eurobond prices (midday indicators)

[illegible]

## Bank Base Rates

ABN Bank	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Barclays Bank	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Consolidated Cds	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Flynn London Cds	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
C. Hore & Co	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Lloyds Bank	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
London Mercantile	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
London Bank	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Nat Westminster	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Roseminster Acc's	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Shenley Trust	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
TSB	74 1/2	Warrner Tapes	4, 1987	79 1/2	10
Williams & Glyn's	74 1/2	Warrner Tapes	4, 1987	79 1/2	10

## Recent Issues

Bath City 11 1/2% 1885 (1886)	105.9
Cardiff City 11% 9d 1885 (1886)	101
Exchequer 9% 1881 (1884)	107.04
Farmer S.W. 20p Ord 1884	114
Grampian Beg 10 1/2% 1885 (1886)	108.0
Widn Larksp. Ord 1885	112
Mid Kent Wty 7% 1882 (7 1/2)	113
St Helens 11 1/2% 1880 (1884)	103.4
Syrus (Henry) 25p Ord	104
	Latent dipic of resum
RIGHTS WAGES	
Johnnes PR 1881	140.37
	5 pence

## Commodities

[illegible]

## Silver market for Hongkong

Hongkong is to set a silver commodity market early next year, the Hongkong Trade Development Council reports. The announcement was made by Mr Woo Hon-Fai, the chairman of the Chinese Gold and Silver Exchange Society. "He said that the new market would officially open in February 1971. The contracts for silver trading in Hongkong, which has received approval from the government, will be in Hongkong dollars in lots of 5,000 ounces. The trading procedures will follow those of the Commodity Exchange in New York. The physical delivery policy will also be in New York pattern. But the exchange regulations are now being drafted."

## Wall Street

New York, Dec. 20.—Prices on the New York stock market closed lower. The Dow Jones industrial average fell 1.74 points to 1,410.75.

Declining issues led gamblers throughout the day, reaching about 945 at the close compared to some 450 issues that showed advances.

**FMC LIMITED  
AND SUBSIDIARY COMPANIES**

### Group unaudited results

**For the 24 weeks ended 15th October 1977**

24 weeks ended 30th April 1977	24 weeks ended 19th Oct. 1977	24 weeks ended 16th Oct. 1976
575,522	185,055	162,988
75,318	1,700	31,328
451,904	218,169	194,316
5,519		
2,112	527	1,908
3,407	880	750
320	(353)	158
3,087	(353)	1,158
14		
	(74)	(29)
3,101	(427)	1,129
2,174	100	350
972	(527)	779
185	106	79
1,942	(633)	700

1. To avoid undue delay in publications, the results of the New Zealand subsidiary have been omitted from the figures for 1976. The twenty-four weeks ended 15th October 1977 and from the same period of the previous financial year. The results of this subsidiary which is trading satisfactorily and profitably will be consolidated at the end of the financial year.
2. Following the change in the accounting policy for deferred acquisition referred to in the last Annual Report and Accounts, the comparative figures in respect of the results for the twenty-four weeks ended 16th October 1976 have been restated and the resulting increase in the average annual profit per share for this period has been reduced by £237,000.

**EXTRACTS FROM THE BOARD'S STATEMENT :**

The operation of the Common Market rules on monetary compensatory amounts coupled with the continued refusal of the United Kingdom government to contribute to the common fund for the stabilization of value has had the effect of providing huge subsidies of almost 13p per lb to producers of Eira beef, of over £240 per tonne for Danish and Dutch hams and of over £200 per tonne for Danish and Dutch canned hams exported to the UK.

Apart from the serious discouragement of those UK producers on whom we place a heavy reliance, the position has become one of gross inequity and has cost some hundreds of our skilled and loyal workers. Losses were incurred by our meat division in the first half of 1973 and it is expected that the continuation of these actions has brought about a marked improvement over the past three months and the losses have now been extinguished. Our By-Products division also has been extinguished. The position has improved over the last few weeks. The Poultry division has traded reasonably satisfactorily against a background of over-pricing of poultry carcasses and the position has improved over the last few weeks. The Bacon division has traded reasonably satisfactorily against some of our barriers. A critical review of every facet of our bacon and meat products business is being carried out at the moment. The position in the rest of the industry and the problems that lie ahead and the actions being taken we consider that the company should be restored to profitability by the end of the year.

financial year.

In accordance with our practice, a decision on a dividend for the ordinary shares will be deferred until the results for the full year are available.

We must take this opportunity of replying to recent suggestions to the effect that considerations other than strictly commercial ones influence the conduct of the Board.

The Board's sole concern is the profitability of FMC in the interests of our shareholders and our employees and none of the directors is motivated by any other consideration or interest. FMC deals on a commercial basis with its customers, British farmers, but ultimately it has a common interest with them in expanding the supply of British products to the British market. The problem FMC faces is not pressure from foreign farmers but unfair competition from subsidized imports.

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## Authorized Units, Insurance & Offshore Funds

[illegible]



## Early demand

ACCOUNT DAYS: Dealings Began, Dec 12. Dealings End, Dec 30. § Contrango Day, Jan 3. Settlement Day, Jan 11.

§ Forward bargains are permitted on two previous days.

[illegible]







